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Support for Duarte Deteriorates Despite Reforms, U.S. Backing

By James LeMoyné
New York Times Service
SAN SALVADOR — José Napoleón Duarte was lauded at a major political demonstration recently as thousands of government workers, peasants from state-run cooperatives, and others dependent on government patronage were trucked into San Salvador for a show of his ruling Christian Democratic Party's political machine at work.

But even the demonstration of strength held hints of weakness. "When the government feels it must mount demonstrations in the streets, it is acting like an opposition party," a European diplomat said. "Duarte's position is deteriorating."

By consensus, Mr. Duarte has proved a weak national leader who has fallen to his lowest point, in terms of public confidence and backing from the army, in almost three years in office.

With continued support from the United States and the army, Mr. Duarte is unlikely to fall from power. But few observers say they believe he has the capacity to start effective programs before his term of office runs out in 1989.

Even his harshest critics credit

Mr. Duarte with gains in human rights, maintaining an elected government in the face of calls for a military takeover and taking politically difficult steps in an effort to stabilize the economy, including devaluing the currency last year.

His critics also concede that any

Nicaragua was invited to join regional peace talks. Page 5.

Salvadoran political leader would be hard pressed to meet the challenge of the Marxist-led insurgency, and the economic and social costs of the seven-year civil war that has taken 62,000 lives.

But the conclusion that the government is struggling is held by several members of Mr. Duarte's own party, as well as by many Salvadorans who say that the government has failed to keep its promise to better their lives.

El Salvador has been held up by State Department officials as the best alternative to the revolutionary example offered by neighboring Nicaragua. But the persistence of El Salvador's problems raises the eternal question in Latin America of whether social change is possible without a revolution.

The country's continuing crisis,

after the expenditure of more than \$2.5 billion of U.S. aid and seven years of intense U.S. attention, also raises fundamental questions about the direction of American policy. The United States now provides most of the national budget.

According to several political analysts and members of his party, Mr. Duarte is well aware of the depth of his own and his country's problems. Friends say he has become withdrawn, surrounding himself with political cronies.

Mr. Duarte's aides said he was too busy to be interviewed.

At the April 22 Commemorative, a typical urban slum of war refugees on the outskirts of San Salvador, only three men said they had jobs out of a group of 10 who gathered to talk to a reporter. Their children played amid piles of garbage and open sewers, while the state-owned bulldozer provided after the devastating earthquake that killed 1,500 people in October stood idle with a broken blade.

"In our country they talk of democracy, but the poor don't live on words," said José Angeles Argüeta, an unemployed former policeman.

A neighbor, Vilma Reyes, 45, said that the people would not back

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LATE NEWS

Wall Collapse Kills 14 in India

NEW DELHI (AP) — Twelve children and two teachers were killed Monday in Punjab state when part of a two-story school wall collapsed atop their classrooms, the United News of India reported.

The news agency said at least 40 children were injured, 23 of them seriously, in the collapse at the Tagore Modern Public School in Nawanshahr, 186 miles (300 kilometers) northwest of New Delhi.

INSIDE TODAY

GENERAL NEWS

Jonathan Jay Pollard has been described by an Israeli paper as a master spy. Page 2.

The U.S. is nudging South Korea's rival political parties toward compromise. Page 3.

BUSINESS/FINANCE

The EC proposed a new tax on vegetable oils and fats, a move likely to provoke transatlantic trade tension. Page 7.

IN TOMORROW'S NYT

New details on the Reykjavik summit provide insight into a most unusual meeting of the leaders of the world's two most powerful nations.

Most Powerful Leader Quits Contra Alliance

MIAMI — Adolfo Calero Portocarrero, the most powerful of three leaders of the U.S.-backed Nicaraguan rebel alliance, resigned Monday as a director of the coalition but refused to step down as head of the largest guerrilla faction.

Mr. Calero, under heavy pressure from rival rebel leaders and the Reagan administration, said at the alliance's Miami headquarters that he had decided "to present my resignation of the United Nicaraguan Opposition directorate."

He endorsed Pedro Joaquín Chamorro Jr., the son of a slain Nicaraguan newspaper editor, to take his place.

Mr. Calero, 55, held out the possibility that he could return within six months as a member of an expanded rebel directorate in a restructured alliance.

He said that he planned to retain his post as head of the Nicaraguan Democratic Force, the largest of the alliance's guerrilla armies.

The move by Mr. Calero, the most conservative member of the three-man directorate of the rebel umbrella group, came amid a power struggle with moderate leaders.

The alliance took its current form in a reorganization last May, largely as a means to attract support in Congress for a military aid package of \$100 million.

Mr. Calero's allies depicted his resignation as a major concession to moderate elements of the alliance, represented by the group's two other leaders, Arturo José Cruz and Alfonso Robelo Callejas. Both are former officials of Nicaragua's Sandinist government.

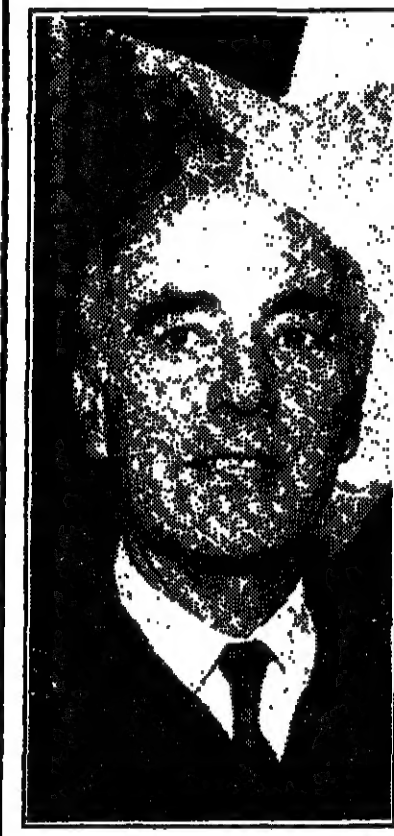
Mr. Cruz said Monday that he might reconsider his recent decision to resign in light of Mr. Calero's departure and proposed changes now being discussed by rebel leaders.

Mr. Cruz is a moderate whose presence is considered crucial for U.S. congressional support. He and Mr. Robelo have demanded that the alliance be brought under greater civilian control.

There was no immediate comment from Mr. Robelo. However, he had said Sunday that for Mr. Calero to retain leadership of his Honduran-based rebel faction was "totally unacceptable."

Mr. Calero's CIA-trained force operates under the command of several former officers of the disbanded Nicaraguan National Guard.

Mr. Cruz and Mr. Robelo have long distrusted the military leadership of Mr. Calero's group because of this and other links to the regime of the dictator Anastasio Somoza, who was overthrown in 1979 in a revolution led by the Sandinists.



Eberhard von Brauchitsch, top, a former executive of the Flick group, on his way to court Monday in Bonn. Hans Friderichs, left, under his umbrella before the verdict, and Otto Lambsdorff, above, after the judgment. Both men had served as minister of economics.

Lambsdorff, 2 Others Found Guilty Of Evading Taxes on Party Donations

By James M. Markham

New York Times Service

BONN — Two former West German economics ministers and the former deputy chairman of the Flick holding company were convicted Monday of income tax evasion but were cleared of charges of corruption.

The outcome was a political boost for Otto Lambsdorff, who was forced to resign as economics minister in June 1984 after being indicted.

A senior figure in the small Free Democratic Party, Mr. Lambsdorff

was fined 180,000 Deutsche marks (\$100,000) for evading taxes of 1.5 million DM on party donations — a punishment that will permit him to seek a ministerial position again.

His predecessor in the economics ministry job, Hans Friderichs, was fined 550,000 DM for evading taxes of 1.6 million DM on party donations while Eberhard von Brauchitsch, the former Flick executive, was fined 550,000 DM and given a two-year suspended jail sentence for having avoided 18 million DM in taxes.

The verdicts, at the end of an 18-month trial in Bonn, virtually concluded a political payoff scandal that had preoccupied the Kohl government during much of its first four-year mandate.

Announcing his decision, Hans Henning Buchholz, the chief judge, said that almost all of 80 witnesses called in the case appeared to suffer from "bad memories."

"It is clear to the court," he said, "that there was a lot of help being given by the witnesses."

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Gorbachev Says Domestic Needs Will Determine Foreign Policy

By Philip Taubman

New York Times Service

MOSCOW — Mikhail S. Gorbachev said Monday that the Soviet Union needs a period of international stability so it can turn inward to concentrate on domestic concerns.

Mr. Gorbachev, addressing a national television audience and a group of foreign visitors, said: "Before my people, before you and before the world, I state with full responsibility that our international policy is more than ever determined by domestic policy, by our interest in concentrating on constructive endeavors to improve our country."

He added, "This is why we need lasting peace, predictability and constructiveness in international relations."

Mr. Gorbachev proposed no new foreign policy initiatives in his hour-long speech, the main event of a three-day diplomatic conference that brought together scientists, businessmen, doctors, writers and performing artists from dozens of countries, including the United States.

Drawing the clearest link between pressing domestic concerns and Soviet external behavior since he took office nearly two years ago, Mr. Gorbachev said of his effort to revitalize society:

"This is where we want to direct our resources, this is where our thoughts are going, on this we intend to spend the intellectual energy of our society." Mr. Gorbachev, touching on a number of foreign policy issues, said that any effort by the United States to undermine the 1972 anti-ballistic missile treaty would violate the spirit of the broad agreement he reached with President Ronald Reagan in 1985 at Geneva that there would be mutual efforts "to prevent an arms race in space."

Mr. Gorbachev said discussions in Washington about interpreting the treaty to allow the testing of

weapons destined for deployment in space "scorns that pledge."

He called for an international law banning deployment of any weapons in space.

Senior Soviet officials said that Mr. Gorbachev's remarks, carefully put together during recent days by the Soviet leader and top Kremlin aides, were designed to provide a framework for Soviet foreign policy and to allay continuing skepticism in the West about Moscow's intentions.

"It is often said — we still hear it — that there is some threat stemming from the Soviet Union, a 'Soviet threat' to peace and freedom," Mr. Gorbachev said.

There has been considerable debate in Washington and other Western capitals about Soviet intentions abroad, specifically whether foreign policy changes initiated by Mr. Gorbachev represent a genuine change in behavior.

Mr. Reagan and other Western leaders have contended that the presentation of Soviet policies has become more polished but the underlying substance has not changed.

Mr. Gorbachev said that the

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Sakharov Assails Soviet SDI Position

Reuters

MOSCOW — Andrei D. Sakharov, the dissident and physicist, said at an international forum on disarmament that major arms cuts should not be deterred by U.S. research on a space-based system for missile defense, an American scientist said Monday.

Frank von Hippel, a Princeton University professor who attended a meeting of scientists during the three-day forum, said Mr. Sakharov had spoken out against the Soviet policy of linking nuclear weapons reductions and space arms development.

"He said they should untie the package and they shouldn't stay hung up on 'our wars,'" Mr. von Hippel said, using a common term for the Strategic Defense Initiative.

He said Mr. Sakharov had argued that the Strategic Defense Initiative was unlikely to reach the deployment stage and should not be a deterrent to strategic weapons cuts.

An arms control package offered by Mikhail S. Gorbachev, the Soviet leader, in October at his meeting with President Ronald Reagan in Iceland, linked major cuts in strategic and medium-range arms to restrictions on SDI research.

The Soviet Union maintains that SDI is the major obstacle to arms control and will move the arms race into space.

Mr. von Hippel said Mr. Sakharov dropped its conditions on the space-based anti-missile system, it could lead to an arms control breakthrough.

At a briefing on the scientists' forum on Sunday, it was disclosed that Mr. Sakharov had openly disagreed during the talks with Andrei Kokoshin, a Soviet arms control expert who supported Mr. Gorbachev's stand.

The forum sessions were not public. The official Soviet press has said only that Mr. Sakharov discussed the question of nuclear missiles during the meetings.

Mr. von Hippel said Mr. Sakharov made an important contribution to the scientists' technical discussions. Separate talks were held by doctors, cultural figures, businessmen and other groups at the international forum.

The event, which was attended by 900 foreigners and 350 Soviet figures from various fields, ended Monday with a speech by Mr. Gorbachev on nuclear issues.

As forum participants entered the Grand Kremlin Palace for Mr. Gorbachev's speech, attention was focused on Mr. Sakharov, who took his seat and was immediately surrounded by photographers and autograph-seekers.

Onlookers remarked on the incongruity of Mr. Sakharov's presence at the Kremlin less than two months after his release from nearly seven years of internal exile in the closed city of Gorky.

"Who could have imagined even last November that he would be sitting here today," one said.

Soviet television, which broadcast Mr. Gorbachev's speech live, showed Mr. Sakharov, without identifying him, as a panel of speakers summed up the forum discussions held over the weekend.

Mr. Sakharov stood and applauded along with the audience as Mr. Gorbachev entered the hall.

Mr. Sakharov joined in warm applause several times during the long speech, clapping his hands high in the air when Mr. Gorbachev said there were no ulterior motives behind a new Soviet approach to humanitarian problems.

With Wave and a Smile, Demjanjuk Trial Starts

By Francis X. Clines

New York Times Service

JERUSALEM — This time there is no glass booth, and the defendant, the man accused of being "Ivan the Terrible" from the Treblinka death camp, entered the courtroom with a wave, a big smile, and a booming "Good morning!" spoken in Hebrew: "Boker tov!"

"Hello Cleveland!" John Demjanjuk added in English, smiling, hugging his lawyer and sitting down to a trial in which he faces death by hanging and is offering a defense of mistaken identity.

The assembled audience, including Jewish students too young to have witnessed the last Nazi trial here 26 years ago, stared in some surprise.

They were realizing that the case of John Demjanjuk, 66, a Ukrainian-born retired auto worker from Cleveland, would be no reprise of the trial of Adolf Eichmann.

Eichmann, the dour master bureaucrat of Nazi Germany's exter-

mination of the Jews, was convicted and hanged 25 years ago after being tried in a glass booth, his ashes cast on the Mediterranean downwind from Israel.

Mr. Demjanjuk, a bald, bluff, heavy-set man, claims a tragic mistake has been made. He is accused of being a low-level but memorably sadistic Nazi functionary at the Treblinka camp in Poland where an estimated 900,000 Jews were put to death in a single year.

He stands accused of whipping and torturing doomed Jews as they trekked naked down the camp's "road to heaven" leading to the gas chamber, where he allegedly ran the carbon monoxide engines.

"John Demjanjuk has never been in any death camp in any capacity," Mark O'Connor, the chief defense attorney, told the three-judge tribunal seated on the stage of a converted movie theatre.

The 600 seats were filled by a curious blend of journalists and Israelis running the gamut from a baby-toting mother who moved up



John Demjanjuk waved entering court at the start of his trial in Jerusalem on Monday. His son John Jr. is at left.

front for a long, clear look at Mr. Demjanjuk, to a group of bearded, darkly dressed men who huddled as if in wonder and distress.

Mr. O'Connor, who contends his client was victimized in a conspiracy of forgery and global politics hatched by the Soviet Union, faces

a prosecution case that includes a 45-year-old photo identity card from war archives and at least eight Treblinka survivors prepared to identify Mr. Demjanjuk as "Ivan the Terrible."

Mordechai Fuchs, a member of

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In Spain, a Frustrated Generation Students Are Seeking to Join Society, Not Change It

By Edward Schumacher

New York Times Service

MADRID — He is known as El Cojo, the crippled one, and the image of him shown repeatedly on television and in newspapers in recent days has been both sad and brutal.

As the thousands of youths swirling around him threw stones and fire bombs at charging policemen during a recent student demonstration here, El Cojo leaned calmly on a metal crutch and, with his second crutch, reached up and broke the glass of a directional sign.

"I dedicated myself to breaking everything I could because I didn't like the way the police were acting," he said later. He was dressed in his single combat boot and a black leather jacket that said on the back, "Kill priests, you'll see heaven."

The 20-year-old vagabond, whose real name is Juan Manteca, is an extreme example, but he has come to symbolize the anguish of a baby boom generation in Spain whose protests over the last two months are challenging Spanish society and the Socialist government of Prime Minister Felipe González.

Since the Christmas break, the youths, demanding jobs and easier access to university, have largely shut down or created havoc in Spain's universities and secondary schools. Tens of thousands have taken to the streets, marching on the presidential palace, the Cortes and Education Ministry offices around the country in demonstrations that usually end in violent clashes with the police.

Although the left government has taken a kid-gloves approach by permitting the demonstrations, scores of young people have been arrested or injured.

Fearful of losing a semester of study, two main student groups — the Student Union and the Madrid branch of the Coordinator of Secondary School and University Students — called on members Sunday to return to class temporarily while they awaited a new government proposal in talks with the minister of education, José María Maravall. But street protests will continue, leaders of the groups said.

Some politics are behind the protest movement. Juan Ignacio Ramos, head of the Student Union, is a Trotskyist. Marcelino Camacho, head of the Workers Commissions, a Communist-led union confederation, has marched with the students. Far-right groups have joined in the violence.

But even government officials say that the biggest factor in the protests is frustration. The protests were set off by the demonstrations in December in France that forced the withdrawal of an education law proposed by the conservative government there.

But the length of the Spanish protests, and the fact that many of the protesters here are younger high



Juan Manteca, who is also known as El Cojo, leaving a police station in Seville after being arrested earlier this month.

school students demonstrating against the policies of a center-left government, make the Spanish movement a different phenomenon, sociologists say.

"This generation finds itself blocked growing up because of economic reasons," said José Luis de Zarraga, author of a report on youth for the government.

The main impediment is an unemployment rate that the government says is 45 percent for youths between the ages of 16 and 24, or more than one million young people. The overall unemployment rate in Spain is 21 percent, the highest in Western Europe.

Compounding matters, a baby boom generation born between 1960 and 1976 has been coming of age, swelling school and university enrollments and unemployment lines. Spain's baby boom cycles are tied to the Civil War of the 1930s, not World War II.

Short of money, this generation lives at home, often into the 30s, cushioning the economic effect but creating a sense of uselessness and social marginalization, Mr. Zarraga said. Meanwhile, those who are turned

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Japan's Other Import-Export Crisis: Illegal Aliens

By John Burgess

Washington Post Service

TOKYO — Filipino women, Pakistani men, the occasional American or Briton. Every workday morning, a third-floor waiting room in Tokyo's central immigration office fills with foreigners who have decided to give themselves up and go home. Some show up packed and ready to travel, cheap plastic bags slung over their shoulders.

One by one, their names are called and the aliens pass through doors to give statements on how they came to be in Japan illegally and how much money they have. Most receive no punishment and are cleared to fly out of the country within a few days.

But there are many more who have not turned themselves in. Japan in the 1980s is fast becoming an underground job market for foreigners. It is distressing news to a country that

has long taken pride in its racial and cultural homogeneity.

Most of the alien workers are from poor Asian countries — women for bars and brothels, men for small factories and construction sites. Many support families left behind.

Scattered among their ranks are a few Americans and Europeans, most in white-collar jobs such as teaching English, but a few in nightlife trades as well.

Predictably, the solution to the illegal alien problem most often suggested is tighter enforcement. But a few Japanese argue for liberalizing, saying the people will come regardless and could prove economically useful.

In the first eight months last year, 6,056 foreigners were caught or surrendered on visa violations, a rise of 23 percent from the same period in 1985, the Japanese Ministry of Justice reports. Estimates of illegal aliens run as high as

several hundred thousand, but one immigration official says the best guess is about 20,000.

The women are mostly Filipinos, though there are Thais, Taiwanese Chinese and Koreans as well. They have become staple features in Japan's mammoth sex and entertainment industries as bar hostesses, dancers and prostitutes.

"Japanese men like us," said a Filipino woman who worked as a hostess in a bar in Koyama City, 250 miles (400 kilometers) north of Tokyo, for five months last year. "If they are rude with a Japanese woman, she will get angry. A Filipino will just smile."

Many of the women who come to Japan to seek their fortunes find only misery.

There are numerous stories of Filipino women sleeping 10 to a tiny room, of being beaten by customers or employers. As illegal aliens,

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Reagan Rejects Revision of Geneva Pacts Over Terrorist Issue

By Judith Miller
New York Times Service

WASHINGTON — In a move intended to deny international legal protection to terrorists and anti-Western guerrillas, President Ronald Reagan has decided against U.S. ratification of the first part of a major revision of the 1949 Geneva Conventions on treatment of combatants and war victims, according to administration documents.

Notice of Mr. Reagan's decision was sent to the Senate Foreign Relations Committee without an announcement two weeks ago.

In his letter, the president said he would not submit Protocol I, as the revision dealing with international armed conflicts is known, because it was "fundamentally and irreconcilably flawed."

The notice contains an unusual request that the Senate support his judgment in a nonbinding vote. At

the same time, Mr. Reagan urged that Protocol II, which deals with noninternational conflicts, receive the consent of the Senate to ratification.

The United States signed the two protocols in 1977, with the understanding that a decision on ratification would await a formal study by the Joint Chiefs of Staff. Since then, more than 100 nations have signed the protocols, and more than 40 have ratified them.

Signing obligates a nation to act in accordance with the treaty, but only formal ratification gives the treaty legal force. If a nation that signs a treaty then declines to ratify it, it is no longer obligated to abide by it.

The Soviet Union has not ratified the protocols. Israel has said it opposes ratification of both protocols. Among members of the North Atlantic Treaty Organization, Denmark, Norway, Belgium and Italy have ratified the revisions. France

announced last year that it would not ratify Protocol I.

"It is unfortunate that Protocol I must be rejected," the president wrote in his decision notice. But, he added, "we must not, and need not, give recognition and protection to terrorist groups as a price for progress in humanitarian law."

His decision effectively ends an effort that had lasted more than a decade to revise the Geneva Conventions to improve the treatment of combatants and civilians in war.

The effort to revise the four Geneva Conventions of 1949, which mandate humane treatment of the sick and wounded in the field and at sea, for prisoners of war and for civilians, began in 1974 when delegates from almost all nations gathered in Geneva.

But the administration has concluded that Protocol I, the heart of the revision, would have the effect of legitimizing liberation insurgent

movements and terrorist groups by granting their members the status of combatants and prisoners of war.

Some State Department officials who supported the revisions maintain that the bulk of the protocols were worth salvaging because the emphasis on international cooperation in the treaty would facilitate extradition and prosecution of terrorists, and that its provisions attach legal consequences to taking hostages and using force indiscriminately.

Administration officials said that the United States' Western allies were told of the president's decision last summer. They attributed the delay in informing the Senate to the delay in the White House bureaucracy's distraction over the Iran-contra affair.

They acknowledged, however, that even before the Iranian controversy, a decision had been held up by the long study conducted by

the Joint Chiefs, delays inherent in the military bureaucracy and by the fact that until the most recent encounters with terrorists, the treaty issue ranked low on the administration's priorities.

Protocol I first encountered political opposition when the Joint Chiefs opposed its ratification in July 1985. The Joint Chiefs determined, according to a memorandum from Secretary of Defense Caspar W. Weinberger to Secretary of State George P. Shultz, that the protocol would "politicize international humanitarian law and, inter alia, afford legal protections to terrorist and 'national liberation movements' at the expense of non-combatants."

On March 21, 1986, Mr. Shultz concurred with the objections of Mr. Weinberger and the Joint Chiefs in a separate memorandum to Mr. Reagan. Mr. Shultz asserted that the Protocol would politicize the international rules of war by

making their applicability hinge on "nonlegal standards couched in highly charged rhetoric."

He cited as an example Article I of Protocol I, which says the provisions apply to nations and "peoples" who "are fighting against colonial domination and alien occupation and against racist regimes in the exercise of their right of self-determination."

Mr. Shultz was also opposed to Protocol I, he wrote, because it gives regional political organizations, such as the League of Arab States and the Organization of African Unity, authority to judge which "peoples" constitute a legitimate party to armed struggle.

In a memorandum to the administration in late spring of 1986, Vice Admiral John M. Pendergast, who at the time was the White House national security adviser, informed Mr. Reagan that Mr. Reagan had decided against ratification of Protocol I.

WORLD BRIEFS

1.5 Million Greeks Join General Strike

ATHENS (AP) — About 1.5 million Greeks joined a 24-hour nationwide general strike Monday, demanding wage increases and a relaxation of the Socialist government's 16-month austerity program. More than 600,000 store owners and self-employed businessmen joined the strike, along with 200,000 civil servants.

The government of Prime Minister Andreas Papandreu said it would make no immediate concessions to the strikers. Labor Minister Constantinos Papanastasiou said: "Stabilization must continue. We hope that, by the end of the year conditions will permit us to justify satisfy the workers' demands."

Chad Reports Libya Air Raid in South

NDJAMENA, Chad (Combined Dispatches) — Chad radio reported Monday that Libyan aircraft repeatedly bombed an area Sunday near a large Chad Army base south of the 16th parallel.

Libya denied Monday that its troops had participated in the attack on Kouba Oulanga, saying the bombing was carried out by Libyan-backed rebels. France, which has troops in Chad supporting the government of Hissene Habre, has pledged to repel any Libyan-led attack south of the 16th parallel.

Kouba Oulanga, one of the army's main rear bases, is about 30 miles (50 kilometers) south of the line dividing the Libyan-held north and the government-controlled south. (AP, AP, Reuters)

Students Vote to End Strike in Mexico

MEXICO CITY (NYT) — Students at Mexico's largest university have voted to end an 18-day strike after the university administration agreed to reconsider plans for sweeping policy changes.

The students' decision on Sunday came after five days of heated and sometimes tumultuous debate on the campus of the National Autonomous University of Mexico, where 340,000 students have been on strike since Jan. 29.

In a meeting on Feb. 10, the governing council of the university announced that it would temporarily suspend new regulations calling for higher academic standards and entrance fees. The administration also agreed to student demands to establish a university congress that would have formal powers to decide the fate of proposed changes.

Pope Sees Seattle's Substitute Bishop

VATICAN CITY (UPI) — Pope John Paul II met privately Monday with Auxiliary Bishop Donald Wuerl, the Vatican-appointed stand-in for Archbishop Raymond G. Hunthausen of Seattle, who has been stripped of many of his powers.

The audience occurred a week after the announcement in Washington that the Vatican had appointed a committee of three archbishops to investigate the situation in the Seattle archdiocese. Vatican officials said only that the pope had scheduled a 15-minute private meeting with Bishop Wuerl.

Archbishop Hunthausen came under attack from Catholic conservatives for his views on such issues as homosexuality and liturgical practices. At a meeting in November the national conference of Catholic bishops issued a statement making clear that U.S. church leaders were unhappy with the Vatican's action and the precedent it set.

Israel Bars Entry to West Bank Towns

KFAZ AQAB, Israel-occupied West Bank (Reuters) — The Israeli military authorities announced Monday that several major Palestinian towns in the West Bank would be closed to outsiders following mounting anti-Israeli protests there.

Israeli infantrymen blocked the highway outside the twin cities of Ramallah and El Bireh to everyone except residents. The authorities said the order, which also affected parts of Nablus and the town of Bir Zeit, was issued after demonstrators hurled stones at security forces.

Troops fired tear gas at Arab demonstrators in Ramallah, residents said by telephone. In occupied Gaza, hospital officials said several Palestinian youths had been wounded by rubber bullets fired by Israeli soldiers during a demonstration.

Rights Abuses by Pretoria Assailed

GENEVA (UPI) — Violations of basic human rights in South Africa have reached a "virtually unprecedented level," Amnesty International said Monday.

In a statement to the annual session of the United Nations Human Rights Commission, Amnesty International said abuses have risen substantially because of new indemnity regulations for South African security forces. "This effectively confers on all members of the security forces immunity against prosecution, in advance, for all acts which they may commit in 'good faith' in connection with their use of emergency powers," the human rights organization said.

The group said it received "graphic information" of the torture by electric shocks of five female detainees aged 15 to 18 years at Heilbron police station in Orange Free State.

For the Record

At least 23 students were arrested Monday in Lima when about 2,000 demonstrators clashed with police in a protest against raids Friday at three universities. In the raids, police detained 793 people they said had links to leftist guerrilla organizations. (Reuters)

Correction

Because of editing errors, an article in the Saturday-Sunday editions incorrectly characterized the Official wing of the Irish Republican Army as having been at war with the Protestant majority in Northern Ireland. The article also referred incorrectly to 1983 convictions in a prosecution based on the testimony of a convicted terrorist. The convictions were in 1985.

Britain, Church Renew Efforts to Free Waite

By Ihsan A. Hijazi
New York Times Service

BEIRUT — Renewed efforts are under way to secure freedom for Terry Waite, the missing Church of England envoy, amid reports that Syrian help is being sought.

The Lebanese Druse leader, Walid Jumblatt, went to Damascus on Monday, 48 hours after receiving a message from the British government. The contents of the message were not disclosed.

A Beirut daily newspaper, *Al-Nabaa*, said Monday that the Archbishop of Canterbury, the Most Reverend Robert Runcie, is expected to send two of his closest aides

to Damascus soon to discuss the fate of his envoy in Lebanon.

The newspaper, in a report from London, did not name the two church officials but said the archbishop was raising the case of Mr. Waite with President Amin Gemayel of Lebanon.

Mr. Gemayel is in London on a private visit. He met Monday with Prime Minister Margaret Thatcher, and held talks Sunday with the British foreign secretary, Sir Geoffrey Howe.

Mr. Jumblatt's Druse militia had guaranteed Mr. Waite's safety in Lebanon but lost touch with him in Moslem West Beirut on Jan. 20 when he went to a secret meeting with the Islamic Jihad, which is holding a number of foreigners hostage.

Mr. Jumblatt has said he believes the pro-Iranian Hezbollah, a Party of God, is holding the church envoy, and called on the group to release him.

"I strongly believe Waite is with Hezbollah," he said. "Some of the kidnappers thought that it was possible to squeeze some money out of his abduction."

Hezbollah has denied that it is holding Mr. Waite.

It has been suggested that Islamic Jihad is in fact part of Hezbollah. But this is the first time that a Lebanese leader has pointed a finger directly at the Hezbollah, which, like Islamic Jihad, consists of Shiite Moslem extremists loyal to the Iranian leader, Ayatollah Ruhollah Khomeini.

Speculation about a possible Syrian role in moves to free Mr. Waite has persisted, although the British Foreign Office has denied reports that a change is under way in Britain's relations with Syria.

Diplomatic relations between the countries were broken off last year because of Syria's alleged involvement in an attempt to blow up an Israeli airliner at Heathrow Airport.

A Foreign Office spokesman said there had been no change in the status of relations and no discussions with Syria about Mr. Waite.



PLEDGING ALLEGIANCE — Soldiers and officers at a military camp near Manila swore allegiance on Monday to the Philippines' newly ratified constitution, affirming the rule of President Corason C. Aquino. Meanwhile, a presidential panel turned over to the government on Monday the first farmhands to be seized from the deposed president, Ferdinand E. Marcos, and his associates for redistribution to landless people.

China Seeks to Prevent New Protests Universities Reopen, Students Plan More Demonstrations

By Daniel Southerland
Washington Post Service

SHANGHAI — China's universities began reopening again on Monday, with students facing a propaganda barrage designed to keep them off the streets and loyal to Marxism after the government clampdown on weeks of pro-democracy demonstrations.

But interviews conducted with students in three cities during the winter vacation period indicate that the government effort is likely to fail.

Despite heavy government pressure, several student activists said they planned to renew their calls for democracy, probably in the spring.

Because of the government's tough line toward demonstrations, it is unlikely that student demon-

strations would be as big as those in more than a dozen cities in December.

The People's Daily, the country's leading newspaper, charged in a commentary Sunday that "some young students lack the necessary grounding in Marxist theory."

The paper said that the universities will organize discussions and propaganda lectures aimed at guiding the students away from "fashionable Western theories and decadent ideas that are unsuitable for China."

But many students often ignore the propaganda. The political classes that students are required to take once a week at some universities are highly unpopular.

The students still suffer from organizational weaknesses. Few of them seem to have a deep understanding of the Western democracies. Nearly all of them are vulnerable to pressures from their parents, the police, and their universities.

"The government will simply give bad job assignments to student leaders," said a university student in Beijing. "That is what we fear the most."

But none of the conditions that gave rise to the students' pro-democracy movement have changed in any substantial way, students say.

The students regard the government's offer of more elections involving non-Communist Party candidates as a farce. They say that experiments in such elections in the

past several years show that the party still controls the outcome.

The interviews with students indicate that two or three times as many students who demonstrated sympathize with the protesters and might to do so themselves.

Some students are unwilling to admit this even to their parents.

Some parents have suffered from government repression and oppose any action that might provoke the authorities; some criticize young Chinese by saying they do not realize how well off they are compared with conditions of the past.

The parents of some student activists agree with conservative ideologies who accuse the students of being unrealistic in their demands.

An engineering student in the northeastern city of Harbin said that he and his friends wanted to say and write many things but no newspaper in China will print what we write," he added. "My parents don't like it when I speak like this."

The student's father, a university professor, had been kept under virtual arrest for several years during the Cultural Revolution of 1966-76. The authorities sent his mother to work in the countryside.

Student activists apparently do not plan any immediate action to renew their calls for democracy. They speak frequently of the possibility of launching demonstrations on April 5, the 11th anniversary of protests against the Cultural Revolution radicals who had dominated the Communist Party for a decade.

JAPAN: Illegal Aliens Targeted

(Continued from Page 1)

they have no recourse. A few live in shelters operated by Christian and other welfare groups, but most apparently stay on the job.

The men are generally from the same Southeast Asian countries, the Philippines and Thailand in particular. Increasingly, men from Pakistan and Bangladesh are coming, too.

Construction sites, ironworks and club kitchens are common places of employment for them. A few have been picked up while working as farmhands.

Foreigners are typically paid half or less of what Japanese working alongside them get, but still the attraction is enormous.

"We receive small salary in Japan," said Anselmo Sagban, a 26-year-old Filipino who worked on a construction site in Nagano city. "But when we convert to pesos, it's big."

He estimated his daily yen wage, equal to about \$25, was eight times

the wages for the same work in the Philippines.

Many aliens leave as poor as or poorer than when they arrived in Japan. Japanese gangsters often oversee the trade in women and cheat them. Crooked placement agencies in home countries collect huge sums in advance for jobs not found to exist once the person reaches Japan.

Japanese embassies have tried to tighten standards for visas. Airport officials now give people a closer look. From Nov. 17 to 26 last year, immigration officers and police mounted their first joint, nationwide raid of establishments suspected of harboring illegal foreigners.

They netted 1,021. But the agencies say they have the resources to catch only a fraction of the aliens.

The Japanese are quick to concede that as a people they feel uneasy living close to foreigners. Most Japanese have no experience with them; fewer than one million of the 120 million people here are foreign.

The concept of immigrant citizens is basically unknown here. While some foreigners, such as Koreans, can gain permanent residence, the guiding principle is that every foreigner who enters the country will one day leave.

Officials cite a lack of space; but the belief that Japan is for the Japanese is at work as well. Japan has given generously in funds to support Indo-Chinese refugees in camps elsewhere, but it has agreed to accept only about 10,000 for permanent resettlement.



NON VADIS — A Rome traffic policeman stopped a motorcyclist from entering the city center Monday morning as a ban on driving in the historic center took effect. The move was taken to reduce pollution and congestion. Only residential traffic is allowed.

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Rabin Calls Arms Deal a Diplomatic Necessity

By Jim Hume
New York Times Service

YERUSALEM — Prime Minister Yitzhak Rabin said Monday that a peace agreement with the Palestinians was a diplomatic necessity, not a luxury.

Rabin, who is recovering from a heart attack, said in a speech to the Knesset, Israel's parliament, that the government was committed to a peace agreement with the Palestinians.

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Rabin Calls Arms Deal a Diplomatic Necessity

By Jim Hoagland and Glenn Frankel

Washington Post Staff

JERUSALEM — Defense Minister Yitzhak Rabin has defended Israel's arms shipments to Iran as a necessary effort "to try to open contacts with our enemies" in the Middle East, adding that he regrets that Israel did not succeed in establishing "better liaison with Iran."

In an interview in Tel Aviv, Mr. Rabin described in detail Israel's goals in cooperating with the United States in shipping anti-tank weapons and Hawk missiles to Iran. Israel's motivation has been previously described in official statements almost solely in terms of helping the Reagan administration win freedom for American hostages in Lebanon.

Mr. Rabin, a former ambassador to Washington, stressed that he released two shipments drawn from Israel's own arsenal in 1985 only after being assured that the Reagan administration formally encouraged the shipments.

Mr. Rabin said, "I was in Washington for five years and I know what it means to send a single screw that comes from the United States outside Israel without U.S. approval."

But Mr. Rabin and other senior Israeli officials acknowledged that they had relied on an oral assurance given by Robert C. McFarlane, who at the time was President Ronald Reagan's national security adviser, that Mr. Reagan had approved the shipments.

These officials also said Israel went ahead with the shipments even though the White House warned that it would deny involvement in the 1985 operation if it were disclosed. That warning apparently was conveyed by Mr. McFarlane when he told an Israeli diplomat, David Kimche, that Mr. Reagan endorsed the idea.

The lack of independent confirmation of Mr. Reagan's approval is important because of a conflict in testimony given by Mr. McFarlane and the White House chief of staff, Donald R. Regan, who has said that the president did not give his approval before the September shipment of TOW anti-tank weapons by Israel to Iran.

Foreign Minister Shimon Peres, who was prime minister at the time of the arms shipments, has said that he approved the operation only as a favor to the United States for "humanitarian" reasons.

Mr. Peres has declined to be interviewed about his role in the Iran affair, which he and close associates helped encourage and coordinate, according to a U.S. Senate intelligence committee report on the arms deals released last month.

Mr. Rabin defended the 1985 shipments as being consistent not only with Israeli security interests but also with the advice that the United States has given Israel about pursuing peace in the Middle East.

"The main American argument has been that to achieve peace with Arab countries, you have to talk to them," Mr. Rabin said. "You have to make peace with your enemies, not with your friends. Iran is a bitter enemy of Israel as well as the United States, and it was natural to try to open channels of communication."

In shipping 500 TOW anti-tank missiles and 18 Hawk missiles to Iran between September and November 1985, Mr. Rabin maintained that "we did not move without getting assurance from Mr. McFarlane that the president approved it."

Mr. Rabin said that after Mr. Kimche received Mr. McFarlane's oral assurance, "I assumed it was safe enough" to begin shipping U.S. weapons to Tehran from Israel's stockpile.

But the defense minister added, "I was much happier when the United States and Israel came to the conclusion in December 1985 that the method of operation should be changed."

On Jan. 17, 1986, Mr. Reagan for the first time formally approved the arms sales by secretly authorizing direct U.S. shipments to Iran. This formal authorization significantly reduced Israel's role in managing the operation to Iran.

Asked if he regretted Israel's earlier activism, Mr. Rabin suggested that he was bothered only that more U.S. hostages had not been freed and that better liaison had not been established with Iran.

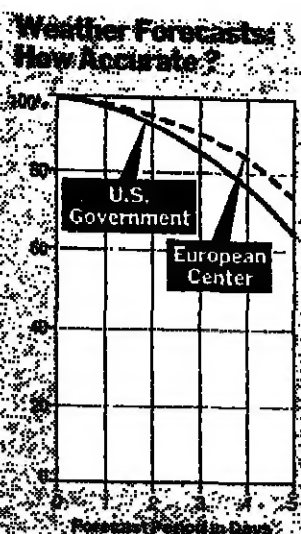
Group Ends Campaign To Draft Lee Iacocca

DETROIT — A move to draft Lee A. Iacocca, chairman of Chrysler Corp., as a Democratic presidential candidate in 1988 is dissolving, one of the organizers said.

The former chairman of the Michigan Democratic Party, Morley Winograd, said Mr. Iacocca wants "four more years at Chrysler." He won't be available until 1992, Mr. Iacocca, 62, recently accepted an agreement that included another four years as head of the third-largest carmaker in the United States.

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Average accuracy of forecasts last month shows the European edge in three- to five-day predictions.

Europe Keeps a Step Ahead of U.S. in Global Weather Forecasts

By James Gleick
New York Times Service

NEW YORK — U.S. weather forecasters are lagging significantly behind their European counterparts in the international competition to improve global prediction, according to meteorologists on both sides of the Atlantic.

Over the last two years, officials say, progress in simulating the Earth's weather patterns has sharply improved the forecasts issued by the U.S. government's National Meteorological Center near Washington.

The center provides the basic forecast sent each day to regional centers around the United States.

But the American forecasts remain consistently inferior to forecasts even those for the United States — that are made by the European Center for Medium Range Weather Forecasts, a 17-nation facility based in Reading, England.

Data from both centers and interviews with meteorologists show that the gap is as much as a day. The European center's forecast for the next six days, for

instance, is roughly as reliable as the American five-day forecast.

Officials, meteorologists and others give several reasons for the lag, but one stands out. The European center runs its model on a computer, an American one, that is roughly three times more powerful than the computer used at the U.S. center. That allows its forecasting to be not just faster but also more detailed and more realistic.

Apart from matters of national pride and scientific prestige, the progress in forecasting affects an increasingly wide range of industries. Truckers, airlines, oil drillers, farmers, fishermen and construction companies all have an urgent financial interest in forecasts of weather more than a day or two in advance.

Although the gap has existed throughout the 1980s, recent improvements in the European center's weather model highlight the disparity. Forecasters in many countries, even outside Europe, are coming to rely on the European model. Recently, for example, Southeast Asian countries have found the predictions useful in anticipating tropical monsoons.

"We feel we have made significant gains, and we can

demonstrate that," said William D. Bonner, director of the American center. "But it really takes time to catch up in this business. You cannot drop five years behind and make that up in a few years when you're competing in an environment where everyone else is moving forward."

The Americans and Europeans are not the only players in the forecasting race. Other national centers, including Japan's, have made tremendous strides in the last few years.

The Europeans rely heavily on the United States as the largest source of raw weather data from satellites and ground stations, and they make their forecast freely available to Washington each day by electronic transmission. The American forecasters, in turn, take note of Europe's predictions as well as their own in producing summaries for use by local forecasters.

In explaining the forecasting gap, some American meteorologists cite the different missions of the two centers. The National Meteorological Center must issue forecasts for the next day or two as well as the medium-term forecasts for the following several days, while the European center was established specifically

to concentrate on the medium range. So the Europeans can wait several hours longer before starting their computer run.

Most scientists believe, however, that the crucial difference between the European and American centers lies in the power of their supercomputers.

The Americans upgraded their computer most recently in 1983 with the purchase of a Control Data Cyber 205. By then the European center had already been using a Cray computer for four years. The Europeans leaped ahead again a year ago with the purchase of a more advanced Cray, the X-MP-48.

Global forecast models are immensely complex numerical engines, using data about the state of the atmosphere at one instant to calculate the likely state of the atmosphere five minutes later, and then repeating the process over and over again. They simulate 10 days of weather in a few hours of computer processing.

The Americans hope to upgrade their computer again, saying they are near the limit of what they can accomplish with their present equipment. But officials say they will not be able to get a better computer until 1989 at the earliest.

U.S. Is Nudging South Korean Parties Toward Compromise

By Clyde Haberman
New York Times Service

SEOUL — The United States has begun a vigorous campaign to nudge South Korea's rival political parties toward a compromise that would lead to a more democratic government.

South Korean politicians and newspapers have devoted considerable attention in recent days to a suggestion by a State Department official that relations with Washington may hinge on whether this country develops "a more open and legitimate political system."

The official, Gaston J. Sigur Jr., assistant secretary of state for East Asian and Pacific affairs, also

urged South Koreans to begin "permanently civilizing their politics," a call for the military to get out of the government.

His remarks could be interpreted as indirect criticism of President Chun Doo Hwan, a former army general who presides over an authoritarian government filled with other former military officers in important positions.

There has been no clear government reaction to Mr. Sigur's comments, which were made Feb. 6 to the United States-Korea Society in New York. But the concern here is evident from the prominent coverage, including lengthy translations,

that the government-regulated press has given to the Sigur speech.

Another sign of a more assertive United States stance is the behavior of the new American ambassador, James R. Lilley, who arrived three months ago.

In a politically significant gesture, he met last week with Kim Young Sam, an opposition leader. Mr. Lilley is said to be considering a meeting with another dissident politician, Kim Dae Jung.

Although specifics of the discussion last week were not disclosed, Mr. Lilley's action contrasted with the more standoffish approach to the opposition taken by his predecessor, Richard L. Walker.

In his more than five years in Seoul, Mr. Walker met privately with Kim Young Sam only once, and then only toward the end of his stay, and he never had a substantive discussion with Kim Dae Jung.

Government and ruling party leaders have made it plain that they would be deeply offended if the chief American representative here were to meet with Kim Dae Jung, whom they openly despise.

"I think that the ambassador of our friendly country will act wisely," Lee Choon Koo, secretary general of the governing Democratic Justice Party, said recently.

Kim Dae Jung is barred from political activity because he is under a suspended sentence for his conviction on what U.S. officials describe as trumped-up sedition charges. Despite the ban, he is a controlling force behind the opposition New Korea Democratic Party.

Whenever he tries to attend a rally or a news conference, however, the police put him under house arrest. He has been confined to his home 46 times since his return two years ago from exile in the United States.

American calls for compromise come in the face of a bitter political deadlock over the pivotal issue of how to choose a new leader to succeed Mr. Chun next year. His seven-year term expires Feb. 24, 1988, and he has promised he will step down and preside over what would be South Korea's first peaceful transfer of power.

The ruling party wants to replace the electoral-college system with a cabinet-style government led by a prime minister. But the opposition insists on direct election of a president, viewing that as its only fair shot at gaining power.

Iceland Meeting a Failure, Panel Says

United Press International

WASHINGTON — The U.S.-Soviet summit meeting in Iceland was "the textbook case on how the superpowers should not negotiate," according to Representative Les Aspin, Democrat of Wisconsin and the chairman of the House Armed Services Committee.

Mr. Aspin released a 30-page study Sunday by the Defense Policy Panel, which he heads, that examined the preparations for and the conduct of the meeting in October between Ronald Reagan and Mikhail S. Gorbachev.

"The summit could have been a tragedy," Mr. Aspin concluded. "Instead, it will replace the 1961 summit between John Kennedy and Nikita Khrushchev as the textbook case on how the superpowers should not negotiate."

Mr. Aspin added: "The complete record, from the decision to accept the Soviet invitation to a

quickie summit to the effort to put a favorable 'spin' on the outcome, shows the White House in confusion and disarray."

One member of the 13-member panel, Representative Duncan Hunter, Republican of California, filed a six-page dissent, calling the report "unprofessional" and a "celebration of form over substance" dominated by "political spinning."

The report said the proposal that caused the most problems was a hasty U.S. initiative to eliminate ballistic missiles in 10 years, "offered freely by the president in full knowledge that its implications had not been considered either by his own military or by U.S. allies."

"The entire process was flawed," said Mr. Aspin, whose panel based its report on a series of hearings on the meetings. "Despite frequent public statements opposing ill-prepared summits, and with the U.S. elections only six weeks away, Reagan agreed to go to Reykjavik."

Mr. Aspin said the administration, which billed the session as a "preparatory meeting," had 10 days in which to get ready and "an effort to prepare for substantive talks was never made."

"Yet at Reykjavik," he said, "it was Reagan's own suggestion that converted the meeting from one intended to draft plans for a subsequent summit into a meeting that would engage in real deal-making."

The report said, "With the value of hindsight, it is possible to draw several conclusions about the process that suggest the Reagan administration was ill-prepared for the negotiations it participated in, and consequently, would have been ill-served had its product been accepted."

Without specific arms proposals of his own "and unsupported by strict rules of engagement, the president was vulnerable to a momentary establishment by the Soviets," the report said.

DUARTE: Despite Reforms, U.S. Aid, El Salvador Remains Mired in Crisis

(Continued from Page 1)

the leftist guerrillas fighting the government have been sick of war. But she added that they felt abandoned. "We are caught between the government and the guerrillas," she said. "It is a canyon without an exit."

Such frustration is readily encountered in the jammed city streets and have peasant villages of this small country, where Mr. Duarte's difficulties appear to be only one expression of much deeper problems that are rooted in centuries of social inequality, authoritarianism, and class polarization.

The key struggle for control of the countryside goes on, and most analysts predict that the United States will be forced to remain heavily involved in El Salvador for years, perhaps even decades.

American diplomats and Salvadoran political analysts argue that the gains in curbing gross human rights abuses, stabilizing the economy, training the army, and supporting an elected civilian government are essential and hard-won first steps.

But they do not appear to be enough to break the underlying po-

litical deadlock that divides the country into warring factions, nor to assure that the government will govern effectively, the diplomats and officials say.

American policy appears to have stalled off a victory by the Marxist rebels, but it seems to have stumbled on the harder task of building a working society in El Salvador.

The sense of drift has visibly begun to upset the army high command, which is more powerful than ever as the result of a war that has guaranteed constant American aid.

Almost inevitably, the army has begun to assert itself politically, putting pressure on Mr. Duarte to improve his performance in his last two years in office and pressing a new rural counterinsurgency plan called United to Rebuild.

"The high command has to begin to play a role in political and social policy," said Colonel Mauricio Ernesto Vargas, watching his troops hand out food and medicine in the contested eastern village of Cacopera. "As long as people lack food, work, roofs, and health, the problem is intractable."

The guerrillas of the Marxist Farabundo Martí National Liberation Front, hard hit in the last two

years, appear to have regrouped and regained a surprising measure of political and military force in recent months.

They have effectively pressed their strategy of a long war of attrition, rebuilt an urban labor front, and carried out sabotage, ambushes, assassinations, and kidnappings to disrupt government economic and political policies. The rebels appear to have almost no chance of outright victory, but they have defied predictions that they are close to defeat.

"We find the midterm perspective is better for us now," Guillermo Ungo, leader of the rebel civilian political front, said in a telephone interview from Panama where he lives in exile.

A third round of peace talks with the rebels failed last September, and the outlook for future meetings is dim.

The U.S. commitment here remains higher than ever. With additional cash this year for earthquake

relief, American aid may climb to a record \$770 million, from \$544.7 million last year.

But despite such assistance, as well as a major effort at land reform, El Salvador remains a country of profound inequality embedded in almost every structure and attitude of society.

While peasants make up the majority of the population, political power remains in the hands of the urban elite. Most Salvadorans are afraid of policemen and soldiers, and few of the poor would dream of seeking legal redress against a landlord because virtually no judge would favor a poor man.

Fifty percent of those who can work are unemployed or underemployed. This year, Salvadorans face an almost 40 percent increase in prices, inflation that is a source of growing discontent.

The rich, on the other hand, appear to have barely felt the weight of the war and the bankrupt economy.

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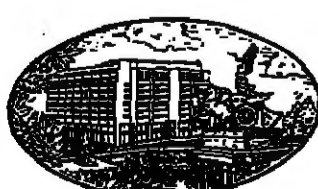
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Herald Tribune

Published With The New York Times and The Washington Post

Mixed Eastern Signals

The regimes of Eastern Europe are reacting with a mix of apprehension and antagonism to Mikhail Gorbachev's calls for openness and "democratization."

General Wojciech Jaruzelski of Poland has applauded. But in East Germany, the regime of Erich Honecker has signaled that it does not intend to imitate the new Soviet line, and has kept parts of Mr. Gorbachev's recent programmatic speech out of the local press. In Czechoslovakia, a leading hard-liner, Vasil Bilak, has given provocative public praise to the Soviet invasion of 1968 and issued a warning to those who might be tempted to take the Soviet reforms as a pretext for reviving the "Prague Spring." More muted expressions of concern have come from Hungary and Bulgaria. And Romania's Nicolae Ceausescu has served notice that the Kremlin's new approaches to economic policy are not for him.

There is no evidence so far that the Soviet Union is trying to press the East Europeans into a uniform reaction, although Soviet officials say that "democratization" and a need to make socialism more attractive are valid for all Communist parties. The Kremlin has reason to be circumspect. It may be stirring up forces that would be hard to control.

Inevitably, the new policies are deeply unsettling for other Communist regimes. East European leaders in their seventies who have been warding off social and political change for decades, as in Czechoslovakia and Romania, or who have been experimenting with limited, carefully controlled economic reforms, as in Hungary, are suddenly vulnerable.

Problems of impending succession have been complicated. Hard-liners, like Mr. Bilak in Prague, who had been confident of taking the helm when the time comes feel suddenly threatened by less doctrinaire rivals who might win Moscow's endorsement. New confrontations between old ideologues and long frustrated reformers are likely. Even General Jaruzelski, who has made his own cautious reforms, may be under pressure to go further than he intended.

At stake, especially in East Germany and Hungary, is the relative independence that these regimes have been claiming in their economic and political relations with the West. At a time of repeated Soviet initiatives aimed at America and Western Europe, Mr. Gorbachev may be even less inclined to grant freedom of initiative to other Communist leaders.

INTERNATIONAL HERALD TRIBUNE

Turbulence in Brazil

Brazil is sliding closer to the danger zone. Its economy has deteriorated rapidly in a few months, and the government's authority has declined with it. Brazil is a country of immense resilience and resources; it has sometimes recovered its balance in circumstances as unpromising as these. But it is still the largest of the Latin debtors. The interests of its creditors are a secondary consideration, but its troubles will once again set off tremors in the United States.

The immediate threat is inflation. A year ago, with the rate rising above 15 percent a month, President José Sarney imposed a dramatic program that introduced a new currency and a freeze of wages and prices. Inflation dropped sharply and his popularity rose. But no wage and price freeze will last forever, and this one had a flaw built into it. As a concession to labor, Mr. Sarney froze wages much less rigorously than prices. Why? Perhaps because of political insecurity. He was elected vice president and found himself in the president's office when the man at the top of the ticket died before inauguration. He has never entirely consolidated his hold on the party.

Early last year his advisers began warning that the program needed fixing. But the fixes would not have been popular, and he postponed action until after the congressional elections in November. They were a great triumph for him and his party, and he turned to a second economic program. But by that time inflationary pressures had built up far higher than he thought. When he began to loosen price controls, the effect was like opening a door in a burning building. Suddenly the fire was out of control.

The head of Brazil's central bank had been trying to fight it in recent months with very tight monetary policy. Interest rates soared and the government, frantic over its vanishing public support, fired him last week. That is not a promising sign.

Meanwhile, a phenomenally successful foreign trade drive, on which Brazil was relying to service the debt, is fading. And the inflation rate is higher than a year ago.

There is more at stake in Brazil than money. Mr. Sarney is the first civilian president after more than two decades of generals. A year ago it looked as if Brazil was entering a time of confident and buoyant growth that would soon bring it into the charmed circle of the prosperous industrial democracies. It was very close to the track that leads there. Now, unhappily, things seem to be moving in another direction.

—THE WASHINGTON POST

Soon to Breathe Easier

Millions of New Yorkers will breathe easier starting on May 7. That is the effective date for the State Public Health Council's new rules regulating public smoking. Restaurants will no longer echo to "Would you mind pointing your cigarette in another direction?" Cab drivers can stop posting signs that read "Driver is Allergic." The person at the desk on the right won't have to complain that the smoke from the person at the desk on the left is ruining her day, her concentration and her health. Finally! As of May 7, the smoker is odd man out.

He is not, however, a pariah. A smoker should be able to smoke in peace—provided he is smoking in privacy. The smoker will not be allowed to light up in indoor arenas, schools and auditoriums, clubhouses and courtyards, gymnasiums or health clubs, restaurants, stores, banks, hospitals or movie theaters. Still, allowance is made for smokers in designated areas like theater lobbies, and the ban does not apply to bars, hotel rooms, tobacco stores, restaurants with 50 or fewer seats, conventions or private social functions like weddings.

As for the workplace, that is trickier. The regulations place the burden on the employer to provide a smoke-free zone for those who want it. That person at the desk on the left will have to find another place to smoke. But if someone at an office meeting asks to smoke and nobody objects, he may. Some companies, like Pacific Bell in the state of Washington, have devised a well-

come approach. They are running programs to help employees kick the habit.

Restaurants, who have been especially vocal against anti-smoking rules, have little to fear from these. Those with 51 or more seats must have a nonsmoking area "sufficient to meet customer demand." They are not ordered to keep aside a specific number of tables for nonsmokers or to install special ventilating equipment. Any business that can prove that the restrictions would cause "undue financial harm" can get a two-year, renewable waiver.

The regulations, then, are neither pious nor relentless. They do not say that the smoker may not smoke. Yet they free that 70 percent of the public who do not smoke from having to share the habit and risk of the 30 percent who do. By making smoking less convenient, the regulations can help deter young New Yorkers from ever starting. Only six states now have no laws limiting smoking. The council has made New York the front-runner among the other 44.

Americans know a lot more about smoking than they used to. They know that smoking is responsible for 9 of 10 lung cancers, a third of all heart disease deaths and the vast majority of deaths from emphysema and chronic bronchitis. They are not a bunch of Mrs. Grundys anymore, nailing intolerantly about not wanting to breathe smoke-stricken air. They are a majority of people talking common sense.

—THE NEW YORK TIMES

Other Comment

What Mercy and Compassion?

World opinion, initially slow this time in responding to the plight of the Palestinians in Sabra, Chatila and Burj al-Brajneh, is weakening. But indignation is not enough; diagnosis is a sine qua non to a cure.

The West cannot impose a solution, but could help induce one. That the Western powers have overplayed their hand in the past does not mean they are without resources, moral resources included. The time has come to point out that what is being done to the Palestinians, by their enemies and supporters alike, violates the precepts of Islam, a faith built on mercy and compassion. We shall be at our strongest when we demand that Moslem rulers act according to their own precepts just as when we

demand that Moscow's rulers respect their own constitution. Fahd's billions, Khomeni's jihad and the Arab League's tergiversations are producing the opposite of the justice, compassion and human solidarity under God envisaged in the Koran. To point this out unflinchingly is the first step away from the hell on earth in Lebanon.

—The Times (London)

When Europeans Are United

When Europe is really united, it can halt American blackmail. The Old World's firm defense of its Airbus symbol has proved that. But Community-wide industrial projects are few. It follows that Europe will cave in more often than it resists.

—Le Monde (Paris)

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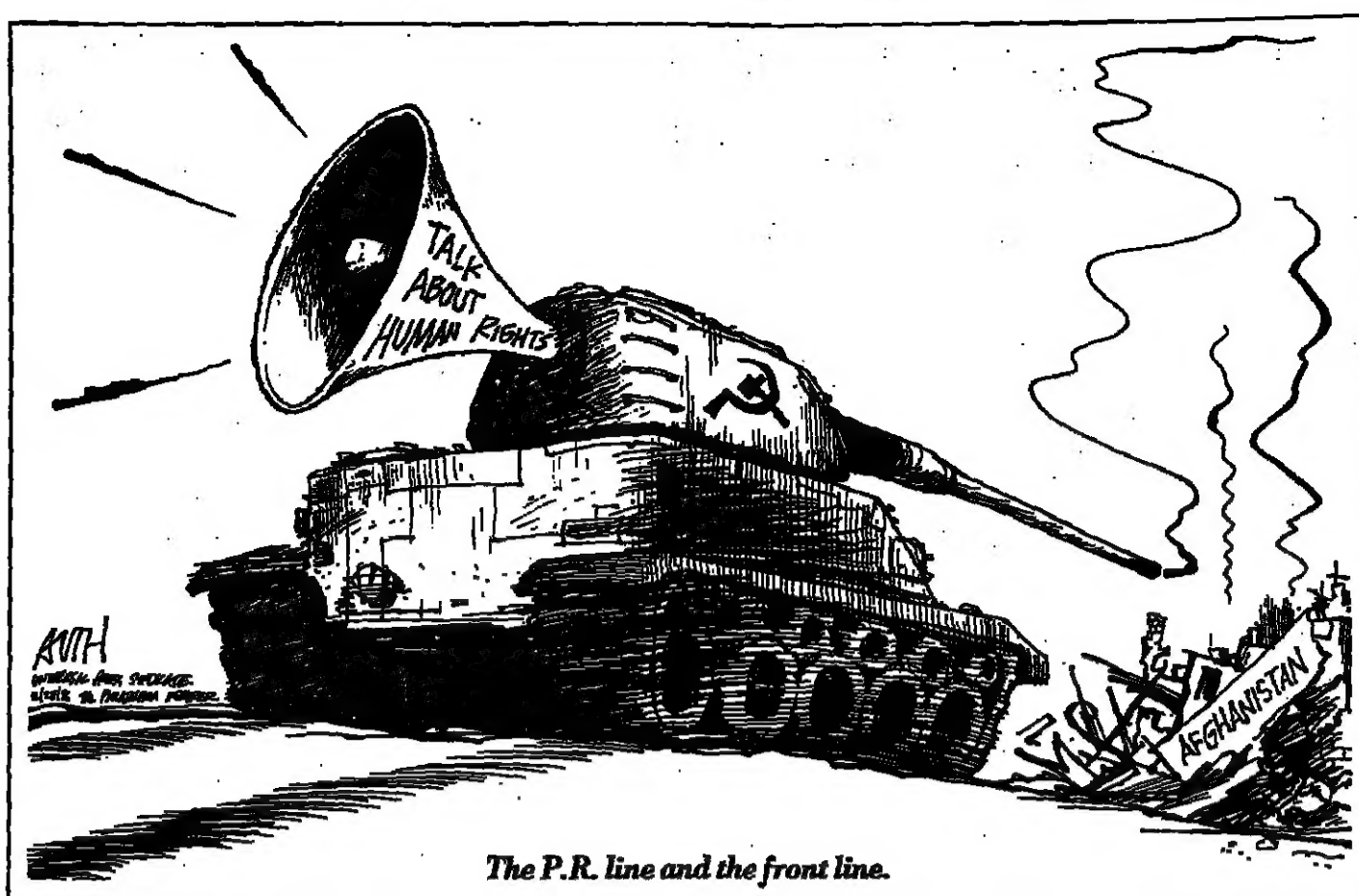
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Directeur de la publication: Walter N. Thayer

Editor for Asia: Michael Richardson, 5 Canabury Rd., Singapore 0511. Tel: 472-7768. Tlx: RS56928
Managing Dir. Asia: Michael Glen, 30 Gloucester Road, Hong Kong. Tel: 5-8510516. Telex: 61170
Managing Dir. U.K.: Robin MacKenzie, 63 Long Acre, London WC2E. Tel: 836-4802. Telex: 262009
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OPINION



The P.R. line and the front line.

No, Reagan Hasn't Yet Finished

By Stephen S. Rosenfeld

WASHINGTON — To my anxious European friend: You ask whether the Reagan administration is finished. You ask it, furthermore, and thank you, in a respectful tone, without assuming that the pursuit of integrity in government—which it is the way most of us here see the inquiry into the Iran-contra affair—is an act of treason to the Atlantic alliance.

Certainly, the Teflon myth of presidential immunity is shattered. Mr. Reagan's energy level, after as before his operation, seems up and down. People don't offer him the same deference. If he is counting on the public to get bored by the scandal and to call off the hounds, he must calculate that the inquiry is now institutionalized in both houses of Congress and in the judiciary, and is not merely a thing of partisan or media enterprise.

Then too, Mr. Reagan's foreign policy has had a certain structure, and it hurls him now. The structure was to build up positions of strength in arms and areas of dispute in the earlier years and then in the later years to reap the diplomatic gains. He is the weight lifter who built up for six years and now, with the big match upon him, pulls a muscle.

The number of big issues on his personal agenda is down to two. That is a sorry performance for a great power, but don't knock it. Some of Mr. Reagan's critics would prefer to see him so enfeebled that he couldn't

do anything at all. Aides will run the international economy and trade, somehow. You Europeans will get along, chewing your nails. In the Middle East, America will respond to alarms—not much more. Southern Africa is for slugging. In Afghanistan we will support the mujahideen. That leaves arms control and Nicaragua.

On arms control, even before his current time of troubles Mr. Reagan had not decided that the kind of agreement perhaps within reach, involving certain restraints on "star wars," was worth reaching for.

Casper Weinberger has been pushing hard to force a star wars choice that no subsequent president or Congress could reverse, no matter what the effect on arms control prospects. George Shultz seems to understand from the fact that Europe's alternatives were being seriously addressed.

International Herald Tribune
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Europe Should Get Serious About Its Own Defense

By William Pfaff

PARIS — Europeans are only now confronting the fact that there are serious people in the U.S. Congress prepared to see American troop strength in Europe sharply reduced or withdrawn. They awaken to the fact that Assistant Secretary of Defense Richard Perle speaks for many in the United States who have lost patience with Western Europe.

Americans say that Europe has not been paying its proportionate share for European defense. European governments reply that employment and industrial investment have had a better claim on their money. Americans say that this is unfair.

Europeans reply that they make a much calmer assessment of the Soviet threat than does Washington. When Assistant Secretary of Defense Richard Perle asserts that the U.S.S.R. makes its nuclear disarmament offers only in order to cheat and obtain "a monopoly of nuclear weapons and the realization of the Leninist dream of the decisive correlation of forces," few Europeans in responsible positions take him seriously.

The defense issue is linked to the trade issue. Impatience on trade was obvious during last year's congressional election campaign. Washington has since hammered down the dollar, dealt roughly with the European Community on compensation for

U.S. export losses to Spain and Portugal, and challenged the Airbus consortium's A330/A340 project. Americans say the EC should spend its money on defense, not on farm supports or subsidy to high-technology projects that threaten U.S. exports.

The Airbus affair, interestingly enough, produced a reaction of defiance, which has not been the case in the past. The British government, usually uncomfortable with European projects and inclined towards American ones, was furious. The industry minister, Geoffrey Faine, announced that Britain would find the money for the new Airbus program, which before had not been sure. West German Economics Minister Martin Bangemann committed his country to the project. France's Prime Minister Jacques Chirac declared that if the United States wanted trade war on this issue it would get it.

The Airbus reaction was so sharp because jobs, technology and trade are crucial issues and prompt a degree of solidarity which the more remote considerations of political and military security do not. It is time, though, that they did, since without common European action on security, the West runs a serious risk.

Since the mid-1980s the French

have tried to get talks going with West Germany and Britain on ways to develop a European nuclear deterrent to reinforce, or if necessary supplant, the American deterrent. Former West German Chancellor Helmut Schmidt has favored this, but he is out of office. The leaders of the Alliance parties in Britain—the Social Democrats and Liberals—say they are for it, but they have little chance of getting into office.

The governing parties in Europe have done little because to act would make trouble with the United States. In 1984 the French proposed trying to breathe some new life into the Western European Union, the pre-NATO military alliance. The United States was furious at the idea that the Europeans might take an initiative that excluded Americans.

American officials say that Western Europe's defense by Europeans alone is an idle dream. Many Europeans agree. Some West Germans believe that a settlement might be made with the Soviet Union which reunified Germany and also assured its security. Others think this the road to catastrophe. Many in West Germany, Britain, the Netherlands and Denmark think that nuclear defense is

not worth the risks. Many others think that if a European Community industrially stronger and richer than the Warsaw Pact cannot defend itself, it is not worth defending.

The time has come for the West Europeans to be serious about their security. They might properly begin through quasi-official or unofficial methods, but the enterprise needs to be intellectually serious and enjoy firm government commitment. The possibilities of common deterrence and defense need to be explored, together with the responsible courses of action open to the European powers if or when U.S. force reduction begins, or when it becomes evident that a fundamental reconsideration of the trans-Atlantic security relationship has become a mutual interest.

This implies a search for a common assessment of the Soviet threat and for agreement on the appropriate deterrence and defense. At the moment this may simply mean study, responsible thought, with high-level support and high-level access. No dramatic action is required, nor would that be useful now. But the relationship between Washington and the European capitals would benefit enormously from the fact that Europe's alternatives were being seriously addressed.

Indonesia Will Vote and Generals Will Stay on Top

By Harold Crouch

CANBERRA — In April, Indonesia will hold its fourth general election since General Suharto took power in 1966, but there is no possibility that the results will threaten military domination of the government.

In previous elections, the government-sponsored Golkar party has always won more than 60 percent of the vote, and this year its leaders have announced a target of 70 percent. There are only two other legal parties and both have already proclaimed their support for Suharto's plan to stay in office for another five-year term.

Military personnel are not permitted to vote in the election, but 100 seats in the 500-seat legislature are already reserved for military appointees. Although military officers cannot become Golkar candidates, the party is headed by Suharto's right-hand man, General Sudharmono, who will ensure that all of the Golkar candidates are supporters of continuing military domination. With the backing of the military, the police and the bureaucracy, Golkar is certain at least to maintain its share of the elected seats.

The army's involvement in politics dates from the revolutionary struggle against Dutch colonialism in the late 1940s, when the heaviest burden was borne by the guerrilla fighters of the newly formed armed forces. After the departure of the Dutch, military officers continued to believe that they had a right to participate in politics. When the liberal democratic system collapsed in the face of regional rebellion in the

mid-1950s, the military joined President Sukarno as a major component in his "guided democracy." The army took full power in 1966 after the failure of a Communist-supported coup attempt. According to the Indonesian military's doctrine of *dwifungsi*, or dual function of the armed forces, its revolutionary credentials give it a permanent mission not only as a defense force, but also as a sociopolitical force with the right, and indeed the duty, to participate in all aspects of national life, including the government.

Indonesia's president and vice president are retired army officers, and 14 of 37 ministers are either present or former officers. The secretaries-general and other senior officials in many government departments are officers and about two-thirds of the regional governors are from the military. Many ambassadors, especially to countries important to Indonesia, are generals.

Many state corporations, such as those dealing in oil, tin and rice, are headed by generals and partly staffed by military officers. Also, many retired officers have entered private business, usually in association with local Chinese and foreign investors. Accusations of corruption and favoritism have become widespread as the growing wealth of prominent military leaders and their families has become impossible to hide. During the past few years, a major change in

military leadership has taken place as the generals who fought during the revolution have reached retirement age and been replaced by academy-trained officers. The commander of the armed forces, General Benny Murdani, is the last of the pre-academy commanders; all others are postrevolutionary officers. There has been much speculation about the values and attitudes of these "professional" leaders. One thing is clear: They are committed to the dual function concept and will play a major role in government.

In recent years there has been debate, within the armed forces and outside it, about the military's role. Some argue that the military must retain its present overwhelming dominance; others believe that the political stability and economic development of the last two decades have laid the foundations for a more restricted, although still substantial, military role.

While few doubt that the presidency will be in military hands for some time to come, the proportion of officers among cabinet ministers, senior bureaucrats and regional governors might be reduced. However, most observers agree that the relaxation of the military grip, if it takes place at all, will be a very gradual process.

The writer is a senior research fellow in the Research School of Pacific Studies, Australian National University, and author of "The Army and Politics in Indonesia." He contributed this comment to the International Herald Tribune.

Privacy for the Employee Is Going Out of Fashion

By Gary T. Marx

CAMBRIDGE, Massachusetts — The USG Acoustical Products Company, based in Chicago, recently announced that employees at any of its nine plants who smoke, whether at work or at home, might soon be out of a job unless they stopped. After a grace period of several months, the company said it would monitor health using a test that measures lung capacity, and any employees still believed to be smoking could be fired.

The company's actions appear to be in keeping with the spirit of advice given recently to corporate executives by Attorney General Edwin Meese. He said management should "take its responsibility for surveillance" against drugs into locker rooms, parking lots and nearby taverns.

As technological methods of surveillance become more powerful and less expensive, and as the social climate becomes more receptive, increased emphasis is being placed on the monitoring of workers, even when they are away from work. The distinction between on- and off-duty behavior is narrowing.

Historically, privacy has been protected, partly because data collection was limited to what the unaided senses could detect. Today's surveillance technologies easily go further. Monitoring of employees is no longer restricted to a work setting. Electronic leashes track the activities of delivery and repair people who work far from a central office. Ironically, it was because of the greater freedom these jobs afford that many people were drawn to them in the past.

A small computer, named Tripmaster, installed on the dashboard of a truck can record speed, gear shifts, how long the truck idles and how long a driver stops for lunch or a coffee break. Another device can track vehicle location via satellite.

Within large industrial or office complexes, a worker's whereabouts can be determined at all times with card key systems, which require the employee to check into and out of various stations—including the parking lot, main entrance, a particular floor, a given office, a computer terminal and even the bathroom.

Video and audio surveillance, once restricted to high security areas, are increasingly found in work settings. They record whatever comes within their purview, work-related or not. This was sadly discovered by two workers who left a factory as their shift ended, engaged in a heated discussion. A fight ensued and a video camera in the parking lot recorded it. They were fired. They filed a lawsuit, arguing that their activity outside the factory gate was a private matter. A judge ordered them reinstated.

Union grievances have been filed over the use of electronic surveillance in employee lounges and bathrooms. In one case, the introduction of electronic surveillance occurred during a union organizing drive.

Major changes are occurring in the monitoring of employee telephone communications as well. In most work settings, private use of

telephones has been tolerated, but with the development of a technique called station message detail recording, this is changing.

Extensive detail can easily be captured on phone usage, even to other extensions in the same building. Incoming calls can also be tracked. The number of workers engaged in "telecommuting" (using computers and telecommunications at home) is also increasing. Interchanges with a central office serve to deliver a work product and also to monitor work. In such situations it is difficult to determine where the factory or office stops and the home begins.

One program permits managers to observe all input entered by an employee from his home and all output from the central computer to the user's terminal. Other programs are available to send subliminal messages or statements, such as "Work faster."

From management's perspective, monitoring practices can help to contain costs, enhance security, improve productivity and service, and equitably allocate rewards and penalties. Yet they can backfire. Electronic sweatshops are no more appealing than the other kind. One manufacturing company found that productivity declined and absenteeism, stress and turnover increased after a monitoring system was installed. Just because something can be done does not mean that it should be done. The precedent, once established, can lead to other forms of

monitoring, such as watching what overweight people eat, tracing spending patterns of those chronically in debt or tracking employees who engage in high-risk sports. Once this is accepted, surveillance of religious or political beliefs could be next.

The writer, professor of sociology at the Massachusetts Institute of Technology, has just completed a book on undercover police investigations. He contributed this comment to The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Cuba Is Warned

WASHINGTON — President William H. Taft is almost ready to intervene again in Cuba. This action would probably mean the end of that Republic. News of the disturbance growing out of the revolutionary attitude of the Spanish war veterans has been communicated to Washington. President Taft's Note, addressed to President José Miguel Gómez (Feb. 16), states that maintenance of law, order and stability are indispensable to the status of the Republic of Cuba, in the continued well-being of which the United States has always evinced a vital interest. President Taft states, therefore, that he looks to Government of Cuba to prevent a threatened situation which would compel the United States, much against its desires, to consider what measures it must take in pursuance of the obligations of its relations to Cuba.

1937: Amnesty Hopes

ROME — The amnesty proclaimed on the occasion of the birth of the Prince of Naples will affect tens of thousands of criminals, it is estimated here (on Feb. 17), but the decree printed in all the afternoon newspapers benefits relatively few political prisoners. Pardons apply only to those sentenced under the criminal code, whereas most political prisoners are tried by special tribunals, which sentence them "al confino"—a classification to which today's decree does not extend. It is hoped that a subsequent decree will extend the amnesty to those held "al confino." In the great amnesty of 1932 celebrating the tenth anniversary of Fascism the pardon of prisoners "al confino" was issued in a second, special decree. The press office tonight said, however, that "there is no question of a subsequent decree for the moment."

OPINION

It's Time to Start Caring About Ecuador

By A.M. Rosenthal

QUITO, Ecuador — This is one of the pleasantest of cities, full of grace and the taste of history, capital of a country splendid in mountain and sea, and center of a society that captured the attention of all the Americas when it turned from military dictatorship to political freedom eight years ago.

Now it is the scene of a different kind of test: whether a still-forming democratic system can survive pressures from within. The pressures are not guerrilla conspiracies but the feuds and hatreds of the men elected and sworn to preserve the new experiment in government.

Why in the world should anybody in the United States, which has plenty of big foreign headaches, pay attention to a

justice from taking their seats. And when the president was kidnapped by rebel air force troops and forced at pistol point to release a maverick general, Congress met — to investigate the president's conduct, not that of the rebels, and to demand his resignation, not the imprisonment of the kidnappers.

These are not comic opera characters. The president and the top opposition leaders are men of talent and imagination and there is no great ideological gap separating them. But their actions add up to a textbook case of feud and hatred overriding national interests.

Last week a group of top businessmen from the Americas, members of the Americas Society, met here under the chairmanship of David Rockefeller. The fact that the session was not canceled despite the unease caused by the president's kidnapping was a mark of support for the country.

And this is one of those cases where nobody has the United States to kick around. The State Department has been doing exactly what it should. It warned off the armed forces when they were

planning to oust the president's predecessor. It has made quite clear that it will not support any coup now whatever the excuse. And although the United States backs the president, the U.S. Embassy here deals openly and warmly with opposition leaders, too.

The armed forces already have suggested to the president that he lead a coup, and he has refused. But if the feuding and paralysis continue, they will step in with or without him.

That will simply delight the far left, which believes that a Communist dictatorship will follow a right-wing dictatorship as the night the day. Then the U.S. public will pay attention because only Communist seem to be able to focus U.S. minds on Latin America.

There are people of good will in Quito and in other worried Latin American capitals trying to get the president and his opponents to talk and deal with each other. If they do, democracy in Ecuador may endure. If they do not, it will end, perhaps within months.

That will cause sadness and fear for many Latin Americans outside this lovely mountain capital. Nobody in South or Central America will ask who cares.

The New York Times.



About Bureaucratic Pains Of Childbirth in Gai Paris

By Vicky Elliott

PARIS — In Paris, where, amid strikes and snowstorms, I recently produced an infant, childbearing is an important contribution to the state. The Revolution first conceived of this. I gather from the slogan chiseled onto the hospital gate, which read, if I am not mistaken, "Liberté, Egalité, Maternité."

With 11 years as an immigrant laborer in France behind me, as well as an enlightened employer, I was entitled to

an army of functionaries. At a reunion of information at my neighborhood Child Protection Center, one Guadeloupean mother and I sat surrounded by 12 public nurses, midwives and social assistants, eager to fill us in on the child care and home visits available to residents of the 10th arrondissement. There was a hitch: In early 1987, they admitted somewhat sheepishly at the end of the session, there would be no one to visit our sector.

But it was the *heureux événement* itself which revealed the naked workings of the system in all their splendor. After weeks of bodily supervision of all sorts, I was left alone on a hospital bed with a bodpan in lieu of modern technology and my beloved spouse as midwife. The midwives, when they cared to poke their heads round the door, informed us that what we were so scrupulously logging in a notebook were no more than little contractions. Their features weren't drawn, and they explained with relish, in true labor "even women who usually smile don't smile anymore." They could see just by looking at my face that it would be hours before anything happened.

Minutes later, it was time for delivery, and a tumbrel was hurriedly brought in to wheel me to the *bloc*. It was too late for such frills as blood-pressure cuffs, epidurals, antibiotic drips or monitors. The *salle de travail*, as the delivery room is poetically called, was as cozy as a parade ground in midwinter. The delivery team, more martial than medical, had a bracing disregard for sentiment. Some were sullen, some snappy; those who cared to communicate shouted.

The infant was yanked out, blinked a little, was passed from hand to hand. My husband, already numbed from being treated like a stand for an intervention drip, was reminded of a visit to the local butcher — not because of the blood but because of the professional detachment. Our butcher has a pride in his skill, and a certain professional respect for the meat at his command, but he feels no need to waste public relations on pork chops.

The baby was fumbling a way to my breast. A midwife disapproved: the child must be trained to nurse in the correct fashion. "Voilà!" she said triumphantly, as the infant got up a piercing wail. Procedure had been observed. In France, procedure is of the essence. Liberty and equality imply an entitlement to equal treatment, measured out with unforgiving impartiality. Fraternity has been thrown out with the bathwater.

One might feel tempted to condemn the Russians as barbarous for dunking their newborns in frozen rivers, or Americans for choosing not to waste public money on mothers. But notions of civilization, like babies, come in different shapes and sizes.

International Herald Tribune.

LETTERS TO THE EDITOR

Secondhand Smokers

The Tobacco Institute in the United States reportedly claims that 550 continuous hours of breathing secondhand smoke in an office would be required for nicotine exposure to be equivalent to the smoking of one cigarette. But while the nicotine gets to the smoker, the fumes get to everyone, damaging lungs, eyes and nasal passages. A lot of smokers light up, take a drag, place the cigarette in an ashtray and walk out, leaving others to breathe the smoke. Nothing can be done for nonsmokers without coercive rules and enforcement.

WILLIAM S. CRAIN,
Reichartshausen, West Germany.

Richard Perle Has His Uses

Regarding the opinion column "Perle's Break Diplomacy Isn't Diplomacy" (Feb. 11) by Edwin M. Yoder:

Mr. Yoder correctly points out that classic diplomacy is an art, "whose methods and customs long preceded the rise of democracy." Therein is precisely its weakness, and the need for a Richard Perle. Today, policy made west of Berlin is rarely conceived in the tranquility of a Hofburg palace or a Versailles.

Russian "public diplomacy" is aimed at the West, with the result that every Russian "peace initiative" is greeted by the democracies as a great opening, while the counterpart of Soviet military expansion and arms control violations is "diplomatically" watered down.

There are inter-allied differences that

should be treated through classical diplomacy. But when it comes to dealing with the Soviet Union, occasionally it is salutary to hear that the emperor (or in this case, the empire) has no clothes.

SCOTT SQUINISH,
St. Denis, France.

West Germany's relations with East Germany are difficult enough without Richard Perle's and Lionel Bloch's kibitzing (Letters, Jan. 2). These relations are a superb guarantee of peace in Europe. West German credits for East Germany are worth every penny.

GUENTHER LUESCHEN,
Aachen, West Germany.

South Africa, Realistically

Anthony Lewis (in "What Africa Demands Is Realism," Jan. 27) claims that the overwhelming mood in the countries near South Africa is realism: They want economic support and food programs from the West, so that Pretoria cannot "take advantage of economic misery."

Mr. Lewis does not mention the realism that these same states show in their dealings with South Africa. Lesotho and Swaziland recently signed a huge contract for the joint Highlands Water Scheme, backed by international funding. South Africa, Botswana, Lesotho and Swaziland closely cooperate in a customs union, while Zimbabwe has a preferential trade agreement with South Africa. There are regional agreements on agriculture, transport, health, employment, credit guarantees and security. Last month a Tanzanian construc-

tion worker was the latest person to receive urgent medical treatment in Johannesburg at the request of the Botswana government. And Zimbabwe, while calling for sanctions, requested and received 34,000 tons of oil from South Africa to cover a fuel shortage.

Black Africa's trade with South Africa increases by leaps and bounds every year. It seems that beyond the ideological and political talk, South Africa is accepted by its neighbors as a very useful partner in their development.

C. PIETERSE,
Brussels.

International Union of Students, join with those who were profoundly disturbed by the recent U.S. test.

U.S. insensitivity to worldwide protest is astonishing and horrific. No experts are needed to detect what is demanded, or to prove that nuclear explosions will not enhance "security." There can be no unilateral security in this interdependent world, overloaded as it is with genocidal weapons.

GASTON GRISONI,
Secretary,
International Union of Students,
Prague.

Misinformation All Around

Regarding the Pastore essay "Year of the Cynical Top" (Feb. 11):

Bart Bull says, "If the six billion Lego bricks produced each year were snapped together, they would stretch around the earth almost five times." I keep some on my desk, and the thickness of a block is one centimeter. Unable to find six billion of them, I have had to fall back on theoretical considerations to arrive at a span of 60,000 kilometers, a mere one and a half laps around the world.

Standard eight-peg blocks, laid end to end, would reach 4.8 times around the world. But Mr. Bull did not say end to end. He said snapped together. I have to think how many people may go through life believing the five-times-around claim just because they read it in the Trib. Some may calculate the earth's circumference at 12,000 kilometers!

GERALD E. DIXON,
Prangins, Switzerland.

Student organizations from more than 100 countries, grouped within our

International Union of Students, join with those who were profoundly disturbed by the recent U.S. test.

U.S. insensitivity to worldwide protest is astonishing and horrific. No experts are needed to detect what is demanded, or to prove that nuclear explosions will not enhance "security." There can be no unilateral security in this interdependent world, overloaded as it is with genocidal weapons.

GASTON GRISONI,
Secretary,
International Union of Students,
Prague.

General News

Scalia Seeks to Rid U.S. Judiciary of Routine Cases

By Stuart Taylor Jr.

NEW ORLEANS — Justice Antonin Scalia of the U.S. Supreme Court has called for a major overhaul of the federal judiciary, saying it was being transformed from an "elite" into a vast bureaucracy by a flood of routine cases.

He urged relegating large categories of cases like routine Social Security disability claims and Freedom of Information Act suits to specialized tribunals. This would reverse what he termed the "continuing deterioration" in the prestige of the federal district and appellate courts and the quality of the lawyers interested in serving on them.

"The time is well past due" for action if "a system of elite federal courts" is to be retained, Justice Scalia said at the American Bar Association convention here Sunday.

In his first major speech since he joined the Supreme Court in September, the 50-year-old justice said the framers of the Constitution saw "federal judiciary as a 'natural aristocracy,' their words, of ability rather than wealth."

He said it was inevitable that federal district appellate courts would stop attracting "the cream of the profession" unless action was taken to limit their caseloads and their need to "de routine personal injury and employment suits and other cases they consider 'trivial.'" While bar association leaders said they could carefully consider the justice's suggestions, some lawyers here quickly rejected them.

The suggestions are likely to be controversial among civil libertarians and others concerned about the availability of the federal courts to ordinary people.

Justice Scalia's concerns are shared by many federal judges, and in some respects they resemble complaints voiced over the years by Warren E. Burger, the retired chief justice.

But the new justice's speech had a greater tone of urgency, and his call for relegating many cases to lesser, specialized tribunals went far beyond anything the former chief justice has said.

Justice Scalia said that when he graduated from Harvard Law School, he had aspired to become a federal judge because federal courts were "famous for the big case."

In those courts, he said, "an elite group of practitioners" argued before judges viewed as "great minds."

Now, he suggested, if "the best and the brightest" still aspire to be federal judges, it may be because of an outdated notion of what it entails.

"As the image catches up with the modern reality," he said, "the attractiveness of the job will disappear."

Since 1960, he said, the federal courts have been transformed by an explosion of federal rights on which lawsuits could be based.

He said that since 1960 the number of federal

civil suits filed each year has more than quadrupled, from 58,000 to more than 250,000, and the number of appeals has multiplied ninefold, from 3,900 to 35,000.

While the number of federal district and appellate judges has increased from fewer than 300 in 1960 to more than 700 now, he said, the increase has not been enough to keep pace with the caseload. A federal district judge now has nearly twice as many new cases to handle each year as in 1960 and appellate judges have nearly four times as many, he said.

Appointing more district and appellate judges to handle the growing caseload is no solution to the problem, Justice Scalia said, because it only dilutes the prestige of the office and "aggravates the problem of image."

He also said the problems would not be solved by other changes debated in recent years, such as eliminating the jurisdiction of federal courts over state-law suits between citizens of different states or creating a new court to hear some appeals from the 12 regional federal appellate courts.

While such a court would lighten the Supreme Court's caseload, he said, it would only exacerbate the loss of prestige of the federal district and appeals courts, pushing them one step down the ladder.

Using specialized courts to handle routine disputes, he said, would free district and appellate courts to handle more important cases.

DEATH NOTICE

Mrs. Françoise JAILIN, his wife, Mr. and Mrs. Jean-Marie Biles and their children, Mr. and Mrs. Vincent JAILIN and their son, Mr. and Mrs. Edouard JAILIN, Mr. and Mrs. Yves-Madeleine Magnanville and their children, Mr. Clement JAILIN, his children and grand children, Mr. and Mrs. Laila Umbrich, his parents-in-law, his brothers and sisters and their children and all his family deeply regret to announce the passing away of

Mr. Françoise JAILIN, Ingénieur du Corps des Mines, died fortuitously with the last rites of the Holy Church on February 14th, 1987 at the age of 54. The religious ceremony will be held at the Eglise de la Madeleine in Paris 18th, on Thursday 19th February at 3 p.m. The burial will follow in the Cimetière du Montparnasse in the family tomb. No flowers or wreaths. According to the wish of the deceased, donations may be addressed to the Institut Gustave Roussy, Service de Thérapie, 39 à 53 rue Camille Desmoulins, 94800 Villejuif, France.

Oris Elevator Company USA is sorry to announce the passing away of their former Chairman and Chief Executive Officer.

François JAILIN on Saturday February 14th, 1987 in Paris. The funeral will take place on Thursday February 19th, 1987 at 3 p.m. at the Eglise de la Madeleine, place de la Madeleine, Paris 75008. The burial will follow at the Cimetière du Montparnasse, 3 bis Edgar-Quinet, Paris 75014.

United Technologies Corporation sadly announces the passing away of their Senior Vice-President

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The meeting came amid uncertainty about the future of the Nicaraguan rebel leadership, which is split between conservative elements and more liberal figures who initially supported the 1979 Nicaraguan revolution.

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Nicaragua Invited to Regional Talks

By William Branigin

Washington Post Service

SAN JOSE, Costa Rica — Four Central American presidents have called on Nicaragua to join them in a conference to discuss a regional peace plan, but they failed to reach agreement on a peace proposal put forward by Costa Rica's president, Oscar Arias Sánchez.

At the end of a one-day meeting here Sunday, Mr. Arias and the presidents of El Salvador, Honduras and Guatemala signed a general statement of principles inviting Nicaragua to meet with them in a quipulas, Guatemala, within 90 days to discuss the detailed regional peace plan.

Mr. Arias then read his proposal, which was left unsigned.

It was left unsigned because of tight security enforced by more than 1,000 policemen. President José Napoleón Duarte of El Salvador, José Azcona Hoyo of Honduras and Marco Vinicio Cerón of Guatemala joined Mr. Arias for the 19th century

Theater.

Indignant government officials publicly rejected Mr. Arias' initiative, although some sources have suggested that he would eventually assent.

He has termed the new act of sabotage "outdoor negotiating."

process and a manifestation of the interventionist policy of the United States.

The Costa Rican plan is based on a 21-point draft proposal put forward in 1984 by the Contadora group of countries, made up of Mexico, Panama, Colombia and Venezuela.

However, the Arias plan places more emphasis on internal "democratization" in Nicaragua as a means of defusing a six-year guerrilla war being waged by the Nicaraguan rebels, who are known as contras.

According to diplomatic sources, Guatemala, which has been pursuing a neutral policy toward the Nicaraguan conflict, wanted more time to consider the peace plan. It would commit the signers to greater concessions to internal opponents than Guatemala has been willing to grant its armed rebels.

The Costa Rican proposal calls for a general amnesty for political offenders in all five countries within 60 days of signing, dialogue with internal opponents and, at the same time, a cease-fire with armed rebels. All but Costa Rica and Honduras have armed rebel movements.

The Arias plan also puts forward a timetable for "democratization," calling for complete freedom of the press within 60 days of signing, political pluralism and simulta-

neous elections for a Central American parliament, modeled on the European Parliament, in the first six months of 1988. The elections would be monitored by international observers.

The plan also calls for elections under the same monitoring for municipal, legislative and presidential in the five countries.

It calls for cessation of military aid to insurgents and irregular forces but stops short of a proposal by the Contadora group to halt military aid to governments as well.

It also forbids the use of national territory for aggression against another country and calls for negotiations within 60 days on the reduction of arms stocks.

The agreement would be supervised by a committee to be made up of the secretaries-general of the United Nations and the Organization of American States and the foreign ministers of the four Contadora countries and four "support group" countries, Uruguay, Argentina, Brazil and Peru.

Mr. Arias said he remained "optimistic" that his plan would be accepted eventually.

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ARTS / LEISURE



Lagerfeld (right), with Cathalan (center), and Bouriez of Revillon.

Karl Lagerfeld's Luxury Relaunch

International Herald Tribune

PARIS — One of the major sensations of the fashion season has been Karl Lagerfeld's announcement of his new business arrangement with the Revillon SA Group, a French fur, accessories and perfume concern.

It came only three years after Lagerfeld founded his own house under a licensing agreement with Bidermann Industries USA Inc. But, despite the fact that he had by then made his mark with Chloé, and that he was designing highly successful collections for Fendi and Chanel, things in his own house did not work out. His couture-like "Karl Lagerfeld" clothes and the less expensive "KL" sportswear never took off. Observers felt that both collections were not made with enough care, and that the luxury finish — which Lagerfeld knows all about, since he was the first to introduce deluxe ready-to-wear years ago — was noticeably lacking. According to *Women's Wear Daily*, the company suffered from management changes, late starts and quality problems.

So now, by a common accord, Lagerfeld has severed ties with Bidermann and joined the Revillon Group, with whom he has signed a worldwide licensing and marketing partnership for all his activities, except perfumes. Lagerfeld said he did not have to buy his name back from Bidermann, which was confirmed by Maurice Bidermann, controlling shareholder of Bidermann SA. "Things did not work out, and that's all," Bidermann said. "So we both decided to get out of it."

The first Karl Lagerfeld collection under new management will be shown during the ready-to-wear season in March. "For the clients, there won't be many changes in design," Lagerfeld said. "But we'll have better fabrics and better

finishing touches, all done in little workrooms outside Paris because this is an expensive line."

Lagerfeld went on to say that Philippe Bouriez, president of the Revillon Group, and Jean-Claude Cathalan, chairman of the Revillon Luxe division, are used to luxury because they already own the Revillon fur. "They know what it's like to sell sable coats. I think I can understand them and they can understand me."

For Revillon, Cathalan said: "We want to develop Lagerfeld's main collection as an image-maker and we want it to be a beautiful, up-

HEBE DORSEY

market product. Later on, we'll develop the licenses, but we have to make sure that we get good partners who will ensure a good distribution and a good image."

Meanwhile, Lagerfeld said that in 10 days they'd had more license offers than in the previous three years. He is well aware that his image has suffered during these last three years when his collections were not up to par.

"My idea now is to build up my prestige. Even the broader-based KL should not be a collection of cheap copies. It should be cheerful, bright and very different from what we do in Paris. My plans are to produce the sports-wear line in Germany" instead of in New York as he did for Bidermann. "With my reputation in Germany, not using that market is stupid."

After Boris Becker, Lagerfeld, who says people stop him in the streets in West Germany, is one of the best known personalities in his own country. This is largely due to frequent television appearances. "People may not know my styles, but they remember me as the man with a ponytail who talks too much and makes people

laugh," said Lagerfeld. The result is a somewhat sublimated vision of an 18th century marquis in dark glasses. A knowledgeable collector, Lagerfeld, who has become an enormously rich man on the proceeds of his perfumes, lives in candlelit, 18th century grandeur and sleeps under an exquisite, feather-topped, canopied bed.

This flamboyance somehow did not fit in with the Bidermann group's bread and butter style. "They didn't like my way of doing things, my way of thinking and my approach to expensive living," the designer said. He also claimed that the Bidermann group wanted a quick return on their money, "whereas Revillon has a lot of money and I have a comfortable income."

"Whatever Mr. Lagerfeld says is fine with me, and I wish him all the success he deserves," Bidermann said recently in Paris. "We stopped because it didn't work out, that's all. Why did it not work out? I think you should ask Lagerfeld. He seems to have all the answers and I won't argue with him."

But remember, Lagerfeld was a very small department of our group, whose business turnover for 1986 was \$650 million. We're not losing money. But Lagerfeld did lose far more than was reported in the papers. We invested \$15 million in the venture and lost between five and six million dollars. At this rate, I don't see how anybody could call me cheap."

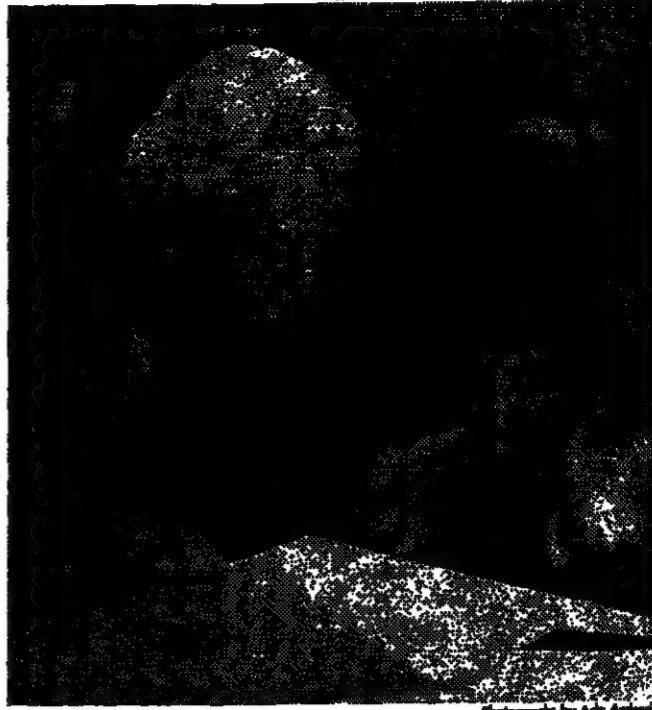
But Cathalan is not worried about Lagerfeld's previous losses. "We know there have been substantial losses," he said, "and we've analyzed the reasons for this failure. Our answer to this is twofold. One, we're angling for a luxury market and Bidermann was not used to luxury. Two, Bidermann did not develop licensing and everybody knows that in this business, the only way to make money is in licensing."

The Growth of a Designer

By Kane Singleton

MILAN — Bruno Munari is one of the most influential designers of the 20th century. Not because he has imposed a particular style or look, but because he has encouraged people to go beyond formal conventions and stereotypes by showing them how to widen their perceptual awareness. This he has done by dedicating time, patience and imagination to the most receptive age-group — the 3 to 6-year-olds. His influence thus grows with his pupils.

Munari has been conducting workshops for children and their teachers in Italy and elsewhere for years. His first children's books date back to 1945, and were followed by didactic games, and by what he calls "pre-books" (no printed words, but shapes to look through and textures to touch, bound in book form). Typical of his playful seriousness is the delightful volume published in 1983 by Danese of Milan, in conjunction with the Museum of Modern Art in New York. It's a half-finished picture book to be completed by its youthful reader, whose name can then be proudly added to Munari's on the cover: "So Many People" by Bruno Munari and . . .



Bruno Munari and friend work on "So Many People."

An exhibition of Munari's works as artist, designer and educator is showing in Milan's Palazzo Reale until March 1, before moving on to other cities in Italy and abroad. (Another one-man show and children's workshop will run at La Villette in Paris in June-July.) The Milan exhibition has its own well-illustrated catalog, but richer in text and pictures is the new monograph by Aldo Testa: "Bruno Munari." It is published in Italian by Idea Book and is due out in the spring from Thames & Hudson in England, MIT Press in the U.S. and Ser's Editor in France.

Munari was born in Milan in 1907, but was brought up in a Ve-

neto village. He returned to Milan in 1926, working as a technical draftsman by day and joining in the second phase of the Futurist movement in his free time. He must have found the company of Marinetti, Depero, Prampolini and the other futurist artists more congenial than the conventional artistic circles of the time, for he was himself creating works that didn't fit into the traditional categories of sculpture or painting. In 1933 he exhibited his first collections of machine built (useless machines). They are light, aerial sculptures, suspended forms of great simplicity and beauty that must have appeared shocking, indeed unintelligible, in an epoch still given to monumentalism. And in 1948 he

became a founding member of the Movimento Arte Concreta that aimed at reconciling art with a wider public.

A unique mixture of fantasy and practicality characterizes all Munari's creations. From the Ora X clock with colored transparent disks instead of hands designed as a multiple in 1945 (Danese put it into production in 1963), to the traveling sculpture in cardboard of 1958. To quote Munari's whimsical words: "In your suitcase you carry a picture of your family, an alarm clock, a change of clothes and the medicines you need, so why not take a folding sculpture to personalize an anonymous hotel room?"

The sorts of games he invents for his small pupils demonstrate



Fun with a "pre-book."

how one thing can be transformed into another. A typical example is Flery (1968), a tetrahedron made of six steel wires that can be manipulated into all sorts of shapes so that the child instinctively grasps the nature of topology. Another is the book on drawing trees, which starts out from the simple principle of ramification.

Munari has traveled throughout the world to set up his children's workshops — from South America to Scandinavia, from Europe to Asia. "The children in Japan are quite special," he claims. "They pay more attention and are more disciplined. You see, right from kindergarten they are taught how to fit in with others — not to interrupt when someone's talking, and so on. Then they're also taught original. A child of three who can do origami has learnt to be precise, and begins to absorb a fundamental feature of Oriental thought — the way one thing can be turned into something else. This makes him a better observer, because it shows him how present phenomena are just part of a larger process. In terms of general education this is extremely important."

Kane Singleton is a Milan-based journalist who writes frequently on cultural affairs.

DOONESBURY



General News

Jewish Dissident Is Still In Prison, His Wife Says

By Celestine Bohlen

Washington Post Service

MOSCOW — Josef Z. Begun is still in prison and the Soviet authorities said Monday they have had no orders to release the Jewish dissident, his wife, Inna, said.

Georgi A. Arbatov, the Soviet official who is director of the Institute for U.S. and Canadian Studies, said on television Sunday that Mr. Begun was about to be released, although not as a result of five days of demonstration staged on his behalf in Moscow last week.

The protests ended Friday as men in civilian clothes pushed,

SOVIET: Policies Linked

(Continued from Page 1)

and remains a serious threat to Western interests.

Mr. Gorbachev has suggested, but until Monday not explicitly said, that Moscow's foreign policy would be guided by the need to devote resources to domestic problems.

Emphasizing that internal changes would be consistent with socialist principles, Mr. Gorbachev said: "But we want to be understood and we hope that the world community will at least acknowledge that our desire to make our own country better will hurt no one, with the world only gaining from this."

Mr. Gorbachev also said that Moscow wanted to resolve regional conflicts, including the war in Afghanistan, and he reiterated Soviet pledges to combat terrorism.

Repeating a theme that is appearing with increasing frequency in his foreign policy speeches, Mr. Gorbachev talked about the "diversity and increasing interconnection" of the world.

Western diplomats have focused on these references in recent months as possibly indicating a move away from traditional Marxist-Leninist doctrine about the inevitability of conflict between capitalism and Communism.

Dozens of Americans attended the weekend meetings, including the writers Norman Mailer, Gore Vidal and Bel Kaufman, the economist John Kenneth Galbraith, the actors Gregory Peck and Kris Kristofferson, a number of scientists, and more than a dozen businessmen.

shoved and kicked some of the protesters and Western reporters.

A small group of Mr. Begun's family and friends had been urging the release of the 56-year-old mathematician under the ongoing review of cases of political prisoners that officials said has led to the release of 140 people.

Mrs. Begun was sitting by the telephone Monday awaiting confirmation of Mr. Arbatov's comment Sunday that Mr. Begun was "free now." Mr. Arbatov, speaking from a Moscow studio, said he had just learned of it by phone.

But Mrs. Begun said Monday night that "Boris, Begun's son, and I have talked to three people from the Ministry of Internal Affairs and each said that Begun is in Chistopol Prison and there has been no order for his release."

Mr. Begun, who applied to emigrate to Israel in 1971, was sentenced on charges of anti-Soviet slander in 1983 to seven years in camp and five of internal exile. He is in Chistopol Prison on the Volga.

Meanwhile, Galina Koryagina, the wife of Dr. Anatoli Koryagin, another prisoner, was reported to have appealed to Western leaders to help resolve his case.

Dr. Koryagin, 48, a psychiatrist, was one of those mentioned as word of the releases began to reach Moscow several weeks ago. He was consultant to a committee that documented cases of political prisoners held in psychiatric hospitals. He was arrested in 1981 and sentenced to seven years in a labor camp and five years in exile.

Pro-Begun Protest in N.Y.

Demonstrators sat down in the street Monday in front of the Soviet mission to the United Nations in New York and demanded the release of Mr. Begun, United Press International reported. Mr. Begun's cousin, Zaida Tepper, was among the 14 persons arrested.

SPAIN: Students Want to Join Society, Not Change it

(Continued from Page 1)

out by their parents can often be found loitering, hooked on drugs or committing petty crime.

Young Spaniards say they are not trying so much to change society as to join it, unlike their brethren of the 1960s in the United States and France.

"We're not going to be the forgotten ones," said Ramon Iglesias, a neatly cropped 16-year-old high school student.



Policemen checked the identity of a passer-by on the Champs Elysees in Paris on Monday amid increased security before the opening of the Abdallah trial.

Report Says France Tried To Suppress Abdallah Data

Reuters

PARIS — A French magazine published Monday a confidential letter that it said showed that French officials had tried to suppress evidence against a jailed Lebanese guerrilla suspect.

The magazine *Le Point* said that the then Socialist government wanted to avoid charging Georges Ibrahim Abdallah, the guerrilla suspect, with complicity in murder because of a secret deal over the release of a French hostage in Lebanon in 1985.

Mr. Abdallah, jailed on arms charges, goes before a Paris court on Monday charged with complicity in the 1982 murders of a U.S. diplomat and an Israeli diplomat. He would have been eligible for release had he not been linked to the 1982 killings by the discovery of an arms cache in an apartment rented in his name.

In the letter, the head of France's internal security agency, DST, urged silence on Mr. Abdallah's links with the arms cache, which included the murder weapon. "It would be inadvisable to place this discovery 'on the account' of Georges Abdallah," it said.

College admissions have become an immediate focus of the protests. A degree is seen as a ticket to a job and social status, students said. But admission is based on a single examination, which many students see as an unfair throw of the dice.

The students, nonetheless, are demanding that university selectivity be abolished altogether. They want more school spending and more scholarships, including the granting of salaries to students from the poorest families.

Mr. Maravall, the education minister, has proposed an increase in spending on schools by more than \$150 million, much of it for scholarships, but he has rejected dropping selectivity.

Wide Use Seen for New Superconductor

By Walter Sullivan

New York Times Service

NEW YORK — A breakthrough by American scientists that has produced a new superconductive compound could have vast application in generating and transmitting electricity, in medical diagnosis and in other uses, including powering high-speed trains with magnets, scientists say.

Announcement of the achievement was made Sunday by the National Science Foundation.

The work with potentially valuable commercial application is the latest development in a race with few parallels in the history of applied physics.

Laboratories in the United States and abroad are competing to exploit the discovery that some specially designed alloys lose all resistance to electricity at temperatures far warmer than regarded as conceivable a few months ago.

Researchers at the University of Houston and the University of Alabama produced the new superconductive compound, which loses all resistance to electricity when cooled to the temperature of liquid nitrogen, the science foundation said.

The superconductivity was achieved at normal atmospheric pressure and at temperatures that can be produced with relatively cheap and easy-to-use coolants.

Wire made of the new compound could be in use within a few years, according to the researchers. Dr. Paul C.W. Chu at Houston and Dr. Mau-Kuen Wu, one of his former students, at the Alabama university.

The researchers said wire or other electrical conductors made from the compound could transmit electricity great distances without loss of power. The compound could be used in magnets strong enough to move trains or guide particles around the huge ring of the superconducting supercollider, an atom smasher whose construction has recently been approved.

Scientists have long sought to create compounds that would be superconductive when cooled with liquid nitrogen instead of liquid helium, the cooling agent now widely used to achieve superconductivity. Liquid nitrogen costs a tenth as much, is 20 times more efficient and is much less volatile.

Existing superconductors have limited commercial value because of the cost and handling problems associated with the helium cooling agent. Nitrogen liquefies at 321 degrees below zero Fahrenheit, or 77 degrees below absolute zero on the Kelvin scale.

The researchers whose work was announced Sunday achieved superconductivity at 283 degrees below zero Fahrenheit, or 98 degrees Kelvin. They said they believed it would be possible to develop compounds that are superconductive at even higher temperatures.

Dr. Chu and Dr. Wu would not describe the compound in detail. Dr. Chu, who said he filed a patent application for the compound on Jan. 12, said the work would be described in a few weeks in the journal *Physical Review Letters*.

Dr. Wu said the compound was "different from those lanthanum-barium-copper oxides" developed by other researchers who made recent advances in superconductivity. "The chemical formula is not the same but it is an oxide," he said.

Dr. Chu said it might take a few years to perfect wire made from the compound.

When superconductivity was discovered about 75 years ago, scientists believed it would occur only at absolute zero, or 460 degrees

below zero Fahrenheit, the hypothetical point at which all molecular motion stops.

Efforts to raise superconducting temperatures accelerated in April when J. Georg Bednorz and K. Alexander Müller of the IBM Zurich Research Laboratories in Switzerland described their work with a compound of barium, copper, oxygen and lanthanum, a metallic element that occurs in various minerals.

The compound, they said, became superconductive when cooled to 35 degrees Kelvin. That was a dozen degrees higher than the warmest temperature which researchers had been able to achieve for many years.

By now it is believed that scores of laboratories are at work in the field. "We don't know where the roof is," said Dr. Roy Weinstein, dean of science at the university in Houston.

In the Jan. 30 issue of *Science*, the Houston group reported that under a pressure 12,000 times that

of the atmosphere, a compound of lanthanum, barium, copper and oxygen began to become superconductive when cooled to 52 degrees Kelvin. It did not become fully so until 25 degrees Kelvin.

Other recent advances have been achieved at the Institute of Physics in Beijing, where scientists are also working on lanthanum-barium-copper oxides.

Scientists have long debated whether it might some day be possible to produce materials that are superconductive at room temperature. There is no theoretical reason to rule that out, according to Dr. John Bardeen of the University of Illinois, who shared a Nobel prize for his work on the theory of superconductivity. But he did not predict that superconductivity at room temperature would be achieved.

Dr. Philip W. Anderson of Princeton University, also a Nobel laureate in physics, expressed similar views, saying merely that it was "not impossible."

FLICK: Lambsdorff, 2 Others Are Guilty in Tax Case

(Continued from Page 1)

prosecution had been justified in bringing the corruption charges against the three defendants, who he said had been acquitted for lack of evidence against them.

The sentences were considerably lighter than those demanded by the prosecution, which had asked for a 15-month suspended sentence for Mr. Lambsdorff, four years in jail for Mr. von Brauchitsch and a 198,000 DM fine for Mr. Friderichs, who was chairman of Dresdner Bank when he was indicted.

Mr. Lambsdorff, who was the first West German cabinet minister to be indicted while in office, was initially accused of having accepted for his party 135,000 DM in bribes from the Flick concern in the late 1970s in return for granting tax waivers.

Mr. Friderichs was charged with having accepted 375,000 DM from Flick for granting similar tax waivers while Mr. von Brauchitsch was accused of having distributed the bribes. The Flick payoffs were entered in a ledger that was a central prosecution document.

In July, issuing a "preliminary acquittal," the court decided to stop hearing evidence on the corruption charges. The corruption charges had been the most serious against the three defendants and the ones that could have dashed Mr. Lambsdorff's chances of making a political comeback.

A sharp-tongued patrician, Mr.

Lambsdorff has disdainfully treated his trial as an inconvenience and, re-elected to the Bundestag last month, has been an active member of the Free Democrats' team negotiating the policies of the next Kohl government. The 60-year-old Kohl is his party's spokesman on economic affairs in parliament.

Mr. Lambsdorff, a fierce champion of a free-market economy, was one of the moving forces in persuading the Free Democrats to end their alliance with the Social Democrats in late 1982. The move toppled the government of Chancellor Helmut Schmidt and brought Mr. Kohl to office.

Martin Bangemann, the Free Democrats' chairman, expressed satisfaction Monday that Mr. Lambsdorff had been acquitted of the corruption charges. But Mr. Bangemann, who succeeded Mr. Lambsdorff as economics minister and who is reportedly reluctant to give up the post, did not speculate on the court's political future.

Offering a contrasting view of the verdict, Otto Schily, a Greens member of the Bundestag, said that the punishments were "mild and trifling," considering the "finesse and criminal intensity" with which the defendants had deprived the state of "millions."

"I believe the man on the street will ask how he is supposed to understand this privileged treatment," said Mr. Schily, a lawyer

who was the most aggressive member of a subcommittee that investigated the Flick payoffs. "The idea that 'the little ones hang and the big ones go free' will be encouraged."

The Lambsdorff trial was the major legal action growing out of an investigation that started in 1981 and provided a glimpse into a network of illegal corporate payments to the three major parties. The scandal eroded popular trust in West Germany's three established parties and contributed to the rise of the anti-establishment Greens.

At Least 57 Tamils Die In Sri Lanka Violence

The Associated Press

COLOMBO, Sri Lanka — Government commandos raided a Tamil guerrilla hideout in an eastern jungle and killed 30 militants the government said, bringing the toll in weekend fighting to at least 57 dead.

In addition to the raid Sunday night, at least 16 Tamils, mostly rebel fighters, were killed Saturday night when a truck bomb that rebels were preparing detonated accidentally in the northern Jaffna peninsula. The government also said that 11 Tamil civilians were shot or knifed to death in Eastern Province.

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Herald Tribune

BUSINESS/FINANCE

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INTERNATIONAL STOCK MARKETS

Untying the Bourse Strings Depends on Paris Brokers

By JACQUES NEHER
International Herald Tribune

PARIS — The "Big Bang" of deregulation on London's stock market last fall has jolted other European financial centers to reassess the roles they hope to play in the evolving global money game. Nowhere, perhaps, is this more apparent than in France, where officials of the Bourse and the Finance Ministry are trying to position the Bourse as Continental Europe's main financial clearing house.

But outsiders say that won't be an easy task, especially if the French do not move quickly to open their market to banks and foreign brokerage houses, thereby surrendering the monopoly Paris brokers have over the Bourse.

At a recent business conference in Paris, officials described dramatic changes at the Bourse in the past few years and sketched an ambitious plan to put Paris on equal footing with markets in London, New York and Tokyo.

Market seeks a leading role on Continent, but keeps doors closed to foreign traders.

Already, the Paris Bourse, benefiting from a surge of domestic interest, is one of the hottest markets in the world, at least in terms of percentages. Buoyed by the conservatives' victory in elections last March and subsequent economic and financial changes, the Bourse CAC index in 1986 soared 49.7 percent to 397.8. That followed rises of 56 percent in 1983, 16.5 percent in 1984 and 45 percent in 1985.

Since the beginning of 1987, the CAC index has continued to rise, peaking at almost 426 late in January. On Monday, it closed at 417.7, down slightly from 419.2 last Friday.

The market's total capitalization is valued at around \$160 billion, sixth in the world.

"The Big Bang has diverted attention away from what's been happening around other European stock exchanges, particularly in Paris," said Daniel Lebegue, the French Treasury director. "France would like to be the leading financial market in Europe, with round-the-clock, round-the-world transactions."

But how and when this might happen, no one can say. Indeed, it's the government's policy to follow a step-by-step approach to modernizing the Bourse. "We're being pragmatic and cautious," Mr. Lebegue said. "Instead of one big bang, we're making a succession of mini-bangs."

XAVIER Dupont, president of the Paris Stockbrokers Association and a partner in the Dupont-Denant brokerage house, added: "We're an old center with our own traditions. By making a gradual progression, we can move forward without creating total upheaval."

The changes, some of which began 10 years ago under the then-conservative government but were accelerated by the Socialists in the early 1980s, include:

- The creation of a second market, or unlisted market, for small and medium French companies. This has proven successful, and includes about 160 stocks, 50 of them added last year alone.

- The development of a market for mutual funds, called SICAVs. The number of funds quoted on the SICAV market has almost quadrupled in the past five years to nearly 500.

- The debut, one year ago, of a futures market known as the MATIF. The first MATIF offering, a long-term government bond, has been very successful. Last October, the volume of activity surpassed that of the London exchange's gilt contract, with more than 325,000 contracts traded.

- Introduction last year of a morning trading session for the 30 most active stocks, which supplements the regular two-hour afternoon session.

- Phase-in of a computer system to allow continuous quotations.

See BOURSE, Page 9

Ericsson Profits Rise 3.6%

Sales Slip 2.4%; U.S. Unit Suffers

By Joris Kaza
Special to the Herald Tribune

STOCKHOLM — L.M. Ericsson, the Swedish telecommunications and data processing group, said Monday that its pretax profit edged up 3.6 percent last year, to 910 million kronor (\$139 million), from 878 million kronor in 1985.

Sales, however, slipped 2.4 percent to 31.7 billion kronor from 32.5 billion kronor in 1985, Ericsson said. Profit per share came to 15 kronor compared with 13 kronor in 1985. All figures are provisional.

The company said that results were hurt by heavy development costs for telecommunications operations in the United States and by the instability of the Mexican peso.

The group also was charged with the full operating loss from its American subsidiary, Ericsson Inc., where the parent bought out Atlantic Richfield Co.'s 50 percent share.

Ericsson did not say how large the loss was in 1986, but in 1985, its share of losses from the joint venture was 349 million kronor.

All other subsidiaries had operating profits except Ericsson Information Systems, the company said. But even at EIS, the losses narrowed substantially from 1985, when the loss totaled 806 million kronor.

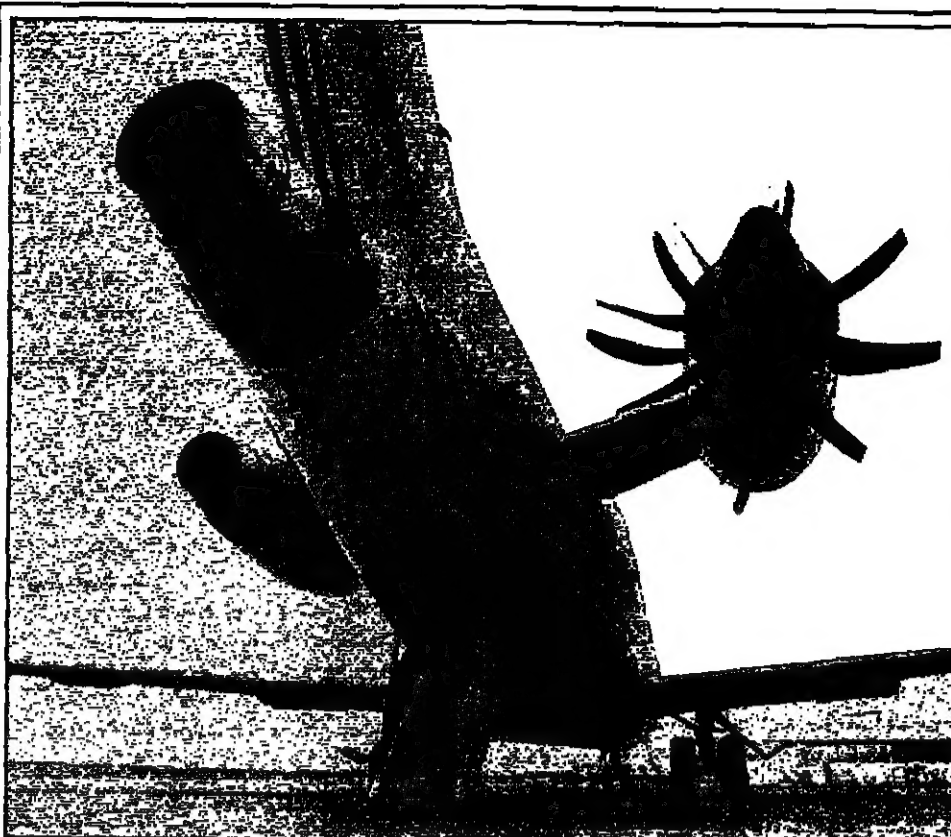
The company added that earnings included about 380 million kronor in capital gains and other nonrecurring income, compared with 333 million kronor in 1985.

Ericsson did not publish fourth-quarter figures, but stated in a preliminary report that "the gradual improvement in income has continued in the fourth quarter, which was better than the corresponding period a year earlier."

Through the first nine months of the year, the company's pretax profit was 368 million kronor, down 32.8 percent from the corresponding period of 1985. According to that figure, pretax profit in the final three months was about 542 million kronor, but that includes the one-time gains.

"It is gratifying to note the positive trend in operating earnings during the latter six months of the year," Bjorn Swedberg, the company's chief financial officer, said.

See ERICSSON, Page 8



A Boeing jet outfitted with one of GE's new fuel-efficient "unducted fan" engines.

Propellers Coming 'Round Again

Jet-Engine Builders Look Back for Efficiency, Profits

By Martha M. Hamilton
Washington Post Service

WASHINGTON — The aircraft engine of the future has propellers on it — again.

The newest jet engines under development have returned to their roots, updating the old-fashioned propeller with new materials and technology to produce a thinner blade with a more aerodynamically efficient shape.

The new twist makes propeller engines more powerful and up to 40 percent more fuel-efficient than the engines that replaced them in the 1960s, their developers say.

Several companies and consortiums, backed by aircraft makers such as Boeing Co. and McDonnell Douglas Corp., are working to perfect propeller engines, hoping to profit from the immense cost savings the engines would mean for airlines.

General Electric Co. has the edge over such competitors as Pratt & Whitney and Rolls-Royce, at least for the moment. GE's Aircraft Engine Business Group has tested its new engine 22 times over the Mojave Desert

in California in a modified Boeing 727 and will soon test it on a McDonnell Douglas MD-80. No other company has reached the test-flight stage.

GE's engine, which will cost about \$1.2 billion to develop, represents a high-stakes gamble for the company, which hopes to get the jump on competitors and make it standard on passenger airplanes of the next decade. The company hopes to have the engine, which it calls the Unducted Fan or UDF, in service by 1992, and Boeing considers it the leading contender to power the 777 aircraft now under development.

GE began development five years ago, when fuel prices were

at their peak and carriers were searching for ways to cut costs. The company has not been deterred by the plunge in oil prices because executives there say they believe the potential savings are great enough — 20 to 40 percent — to encourage sales even if oil prices do not rise markedly.

Those numbers will prove irresistible, GE executives believe, even though the new engines will cost more than ones now in use. In contrast, "A 5 to 10 percent fuel savings doesn't save enough over even 15 years" to make it worthwhile for airlines, said Bruce J. Gordon, general manager of the UDF program for GE.

Propeller-driven aircraft were chased from the skies during the 1960s, by larger and more comfortable jets that flew faster and higher.

The idea to return to propellers arose "back in 1981 or 1982," said Brian Rowe, who heads GE's engine business. "We were having a meeting and started talking about what we could do. Because of material changes

See PROPELLERS, Page 8

EC Oil-Tax Plan May Rekindle Feud With U.S.

Compiled by Our Staff From Dispatches

BRUSSELS — In a move likely to provoke new U.S.-European trade tensions, the executive branch of the European Community proposed on Monday a new tax on vegetable oils and fats.

Frans Andriessen, the EC commissioner for agricultural policy, said he did not foresee a major conflict over the issue.

But a U.S. diplomat, who asked not to be identified, predicted a bitter trade war if the tax were adopted.

"This is like waving a red flag at a bull," he said. "It is one area of extreme sensitivity as far as we are concerned."

The tax proposal is part of the commission's review of fixed prices paid to community farmers for the 1987 marketing year that begins April 1. The proposal must be approved by the 12 member governments. Farm ministers are to begin studying it next Monday.

The measures follow recent EC decisions to reshape radically the EC's farm-price support program, the Common Agricultural Policy, to try to curb the creation of massive stocks of unwanted food.

Although the proposed tax would not apply directly to the imported products from which the oils and fats are made, U.S. exporters say it would reduce demand for oils made from soybeans and would, in effect, allow the EC to increase aid to its own producers.

The proposed tax would be applied to oils and fats, such as margarine and olive oil, made from domestically produced and imported soybeans, sunflower seeds, olives, rapeseed and other oilseeds.

Dennis Blankenship, the Western European director of the American Soybean Association, predicted that a confrontation over the proposed new tax would be "bigger" than the recently resolved dispute over U.S. demands for compensation for lost grain exports to Spain and Portugal.

He said the cost of the program had jumped from 228 million ECU a decade ago to 4 billion ECU this year.

The British foreign secretary, Sir Geoffrey Howe, denounced the proposed tax as likely to create more problems than it solves.

He said it would not only anger the United States but also create problems for developing countries that export to the community.

Other elements of the 1987 farm measures announced by Mr. Andriessen included:

- A freeze in guaranteed prices for EC producers of grains, dairy products, beef, lamb and olive oil.

- Price cuts of 2 percent for wine and sugar producers. 2.6 percent for feed grain producers and up to 5 percent for producers of some fruits.

Mr. Andriessen said the package as a whole, if adopted without changes by the member governments, would save the community 1 billion ECU this year and 3.4 billion ECU in 1988. The EC budget for 1987 calls for 27.1 billion ECU in overall farm spending.

(A.P. Reuters)

EC Will Ask GATT to Probe U.S.-Japan Accord on Chips

The Associated Press

BRUSSELS — The European Community Commission said Monday that it would ask the General Agreement on Tariffs and Trade to see whether last July's U.S.-Japan semiconductor agreement complies with its rules on free trade.

It said it would formally ask the Geneva-based forum for trade relations on March 4 to appoint a special panel to examine the accord.

The EC tried unsuccessfully last month to seek an amicable solution to the problem.

"It's the Japanese side of the deal we are concerned about," an EC official, who asked not to be named, said.

Among the objections the EC planned to bring before the panel, he said, is that the accord's text was

kept secret and that it could discriminate against EC semiconductor companies trying to penetrate the Japanese market.

The U.S.-Japanese accord was in effect designed to set minimum prices for Japanese semiconductors.

It followed U.S. complaints that Japan was selling semiconductors, the tiny chips of circuitry that are the building blocks of all solid state electronic goods, below production costs.

Two-thirds of semiconductors imported into the EC come from Japan.

The EC objects to the Japanese government monitoring prices of semiconductors exported to Europe as it says this could lead to artificially high export prices.

Currency Rates

Currency	Rate	Change
Australian dollar	1.28	+0.01
Belgian franc	36.36	—
British pound	1.58	+0.01
Canadian dollar	0.72	+0.01
Deutsche mark	1.36	+0.01
French franc	6.55	—
Italian lira	1,376	+10
Japanese yen	163.60	+1.00
Netherlands guilder	3.60	+0.01
New Zealand dollar	0.45	+0.01
Portuguese escudo	200.48	+10
Spanish peseta	166.64	+10
Swiss franc	1.53	+0.01
West German mark	1.36	+0.01

Closes in London and Zurich. Rates in other New York markets at 2 P.M. (a) Commercial time. (b) Amounts needed to buy one pound. (c) Amounts needed to buy one dollar. (d) Units of 100 (e) Units of 1,000 (f) Units of 10,000 (g) Not available. (h) To buy one pound: 100.50.

Other Dollar Values

Currency	Rate	Change
Australian dollar	1.28	+0.01
Belgian franc	36.36	—
British pound	1.58	+0.01
Canadian dollar	0.72	+0.01
Deutsche mark	1.36	+0.01
French franc	6.55	—
Italian lira	1,376	+10
Japanese yen	163.60	+1.00
Netherlands guilder	3.60	+0.01
New Zealand dollar	0.45	+0.01
Portuguese escudo	200.48	+10
Spanish peseta	166.64	+10
Swiss franc	1.53	+0.01
West German mark	1.36	+0.01

Sources: Reuters Bank (Brussels), Banca Commerciale Italiana (Milan), Banque Paribas de Paris (Paris), Bank of Tokyo (Tokyo), IMF (SDR), BAI (dollar, franc, guilder), Goshen (franc), Other data from Reuters and AP.

Interest Rates

Rate	Rate	Rate
1 month	4.50%	4.50%
3 months	4.50%	4.50%
6 months	4.50%	4.50%
1 year	4.50%	4.50%
2 year	4.50%	4.50%
3 year	4.50%	4.50%
4 year	4.50%	4.50%
5 year	4.50%	4.50%
10 year	4.50%	4.50%
15 year	4.50%	4.50%
20 year	4.50%	4.50%
25 year	4.50%	4.50%
30 year	4.50%	4.50%

Sources: Money Quarterly (dollar, DM, SF, Franc, FF), Lloyds Bank (ECU), Reuters (SDR). Rates applicable to interbank deposits of \$1 million minimum for overnight.

Key Money Rates Feb. 16

Instrument	Rate	Change
1 month	4.50%	—
3 months	4.50%	—
6 months	4.50%	—
1 year	4.50%	—
2 year	4.50%	—
3 year	4.50%	—
4 year	4.50%	—
5 year	4.50%	—
10 year	4.50%	—
15 year	4.50%	—
20 year	4.50%	—
25 year	4.50%	—
30 year	4.50%	—

Sources: Merrill Lynch (dollar, DM, SF, Franc, FF), Lloyds Bank (ECU), Reuters (SDR). Rates applicable to interbank deposits of \$1 million minimum for overnight.

U.S. Money Market Funds Feb. 15

Fund	Assets	Assets
1 month	4.50%	4.50%
3 months	4.50%	4.50%
6 months	4.50%	4.50%
1 year	4.50%	4.50%
2 year	4.50%	4.50%
3 year	4.50%	4.50%
4 year	4.50%	4.50%
5 year	4.50%	4.50%
10 year	4.50%	4.50%
15 year	4.50%	4.50%
20 year	4.50%	4.50%
25 year	4.50%	4.50%
30 year	4.50%	4.50%

Sources: Merrill Lynch (dollar, DM, SF, Franc, FF), Lloyds Bank (ECU), Reuters (SDR). Rates applicable to interbank deposits of \$1 million minimum for overnight.

Denationalization Lures Wider Base of Investors

Renews

LONDON — Millions have been scrambling to buy shares in state companies being sold to the public in several major Western nations, a success hailed by conservative governments as the dawn of a new era of popular capitalism.

But why have ordinary people apparently been so eager to trust the share market boom and stake their savings on the future of, say, Britain's national airline, or a French bank or Japanese telephone utility? And who are the new small investors?

In Britain, where Prime Minister Margaret Thatcher coined the phrase "share-owning democracy," nearly 20 state companies have been sold so far. All offerings were oversubscribed, the latest, for British Airways, by more than 10 times.

A survey by Dewar Rogers, a public relations agency, showed that 17 percent of Britons owned shares, compared with 5 percent in 1983, the date of the first big flotation.

The survey, sampling 1,000 people, showed that shareholders had become younger and more evenly spread by social class.

Ian Harwood, an analyst with Warburg Securities, said: "I think shares have a much bigger profile in the population now. Everyone is talking about them."

He added: "It has a knock-on effect. Once one flotation succeeds, it gives impetus to the next. People have been tempted because the pickings have been easy and the pricing has not been too high."

He said household incomes had risen in Britain in recent years, providing the money for the share spree. He added that people were no longer ignorant about how to acquire shares or daunted by the market.

"You just filled in a form in the newspaper and there was plenty of advertising to tell you what to do," Mr. Harwood said.

In France, Jacques Chirac, the rightist prime minister, plans to raise 300 billion francs (about \$49 billion) by selling off 24 government conglomerates. A share issue by the glass company Cte. de Saint-Gobain was 14 times oversubscribed.

"The French have discovered greed," one analyst said.

A Paris academic, André Barbeau, of the Center for Economic Research into Savings, spoke of a

Japan's first big flotation was a public offering of 1.95 million shares in Nippon Telegraph & Telephone in February. The offer was 10 times oversubscribed.

The government plans to release a further 1.95 million shares in NTT later this year and hopes to sell shares in Japan Air Lines.

In West Germany, Chancellor Helmut Kohl's center-right coalition is committed to denationalization but there has been only a lukewarm response to plans to sell a 16 percent stake in Volkswagen AG and 25.6 percent of VEB, the energy and chemicals company.

The older investor is reluctant to place his hard-earned savings in shares, said Lutz Gebser, first vice president at the main Frankfurt branch of Deutsche Bank AG.

"But the younger investor, willing to take risks and often using inherited money, is more likely to put money in shares."

Small investors in West Germany are mostly private entrepreneurs and young professionals such as lawyers, doctors and bankers.

HARRY WINSTON

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Markets Closed
Markets and banks were closed Monday in the United States for a holiday.

BUSINESS ROUNDUP

Toyota, Nissan Exports Up in Month

United Press International
TOKYO — Japan's top two automakers reported Monday that their exports in January increased from a year earlier for the first time in seven months. They said brisk sales in Europe helped.

Toyota Motor Corp., the No. 1 Japanese automaker, said exports in the month were 146,449 units, up 1.5 percent over January 1986. Nissan Motor Co., No. 2, said exports totaled 132,647 units, up 12.5 percent over a year ago.

Toyota said shipments to Europe rose 37.8 percent to 53,854 units.

Nissan said its exports to Europe hit a record 66,243 units, up 31.2 percent.

"We increased our shipments to Europe to raise inventory [there], which declined last year-end because of voluntary export controls," a Toyota spokesman said.

Japanese carmakers began informally restraining exports to Western Europe last year after complaints that they were trying to offset self-imposed quotas to the United States — and the higher prices forced there by the strong yen — by diverting production to European markets.

Our sales in the North American market still suffer from price markups forced by the yen's sharp appreciation against the dollar and inventory remains at a high level," the Toyota spokesman said.

He said exports to the United States in January decreased 7.6 percent to 63,145 units.

Nissan said its shipments to the U.S. market rose 9.2 percent to 48,983 units.

Toyota and Nissan said exports to Southeast Asia and other regions remained sluggish. They predicted generally slow exports this year because of the yen's appreciation.

Toyota said domestic sales in January increased 2.1 percent to 91,163 units, accounting for a 30.3 percent market share. Nissan said its domestic sales declined 3.2 percent to 51,255 units for a market share of 17.0 percent.

Toyota's production was 270,657 units, down 6.2 percent from a year ago, while Nissan's output was down 3.2 percent at 175,903 units.

Toyota reported last week that its sales for the half year ended last Dec. 31 had suffered the first decline in 13 years.

It said exports fell 9.0 percent from a year ago to 905,000 units while domestic sales rose 6.6 percent to 878,000 units.

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Bond Retracts Asset Figure; Hong Kong Suspends Shares

Compiled by Our Staff From Dispatches
HONG KONG — Trading of shares in Alan Bond's Hong Kong company was suspended Monday on the market here, after the Australian businessman conceded that he had made misleading remarks about its net asset value.

Hong Kong's Securities Commission requested the suspension. Bond Corp. International was floated on the stock market last month. Mr. Bond said at a press conference in January that the asset value of properties owned by the Hong Kong-based company should be 2.60 Hong Kong dollars (33.3 U.S. cents) a share, far higher than the 1.10 dollars stated in the company's prospectus in December.

The shares rose in the next few days to a high of 5.30 dollars. They fell to 2.30 dollars after the commission requested a clarification.

Mr. Bond said in a statement Sunday that his remarks were "misleading and could have led the market to form an incorrect view of the value of the underlying assets of Bond International."

Bond International, which is 66.2 percent held by Mr. Bond's Bond Corp. Holdings in Australia, was floated with assets comprising prime residential apartments in Hong Kong last year for 1.4 billion dollars.

On Monday, the attorney general's office said that Mr. Bond would not be prosecuted for his comments. The office normally refuses to comment on possible prosecutions.

(Reuters, UPI)

U.S. Companies' Earnings Improved Slightly in Quarter

By Jonathan P. Hicks
New York Times Service
NEW YORK — Corporate profits showed modest improvement in the fourth quarter, a result of the weaker dollar and low oil prices and interest rates. Still, economists said the earnings remained below expectations and indicated continuing sluggishness in the U.S. economy.

A compilation of the fourth-quarter results of 295 large companies shows that 180 reported earnings gains, 75 posted declines in earnings, 35 suffered losses and five were unchanged, compared with the corresponding period of 1985.

Among the industries in which profits, on average, declined most sharply were automotive equipment and energy and electric services, where plunging oil prices continued to depress earnings.

On the other hand, many industries showed robust earnings growth. Food companies and publishing concerns reported sharply higher profits.

Over all, corporate profits were still weak in the fourth quarter, but it seems like we're turning the corner," said Nathan Behrman, chief economist with Wharton Economics in Philadelphia.

"As the dollar has come down, the U.S. manufacturers can adjust their export prices and increase their margins," Mr. Behrman said. "Also, a lot of companies have done some substantial belt-tightening, and that started to pay off in the fourth quarter."

The company said it had instituted proceedings against the EC's executive for trying to have Hoechst's files searched Jan. 20 as part of an inquiry into a suspected plastics cartel. Hoechst is also suing over a commission decision to fine it 1,000 European currency units (\$885) for each day it refuses EC inspectors access to its files.

Diana Barran, an analyst at Easikda Securities, the London subsidiary of Sweden's Skandinaviska Enskilda Banken, said the improved results were "purely a reflection of internal reconstruction and better working-capital control."

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PROPELLERS: Jet-Engine Makers Look Backward

(Continued from first finance page) and because of technological changes, maybe we could use some ideas we had thrown out."

Officials at the U.S. National Aeronautics and Space Administration were less impressed, at least at first, forcing GE and its rivals to prove that the old-fashioned concept was as new as could be. The first thing that GE changed was the name.

NASA's response was, "Why the hell would anyone go back to propellers?" Mr. Rowe recalled. "We said, 'They're not propellers. They're fans.'"

"People felt that modern was fans, and old technology was propellers," Mr. Rowe continued. "So now we've got this modern propeller, which we want to call a fan."

NASA has contributed \$27.5 million to development of the engine. Turbojet engines already have fans in front of the engine, enclosed by a metal cowling. The fans increase engine efficiency through a technology called "high bypass."

This means that some of the air moved by the fan passes through the engine, is mixed with burning fuel and is eliminated at the rear in the form of exhaust to provide thrust. But most of the air bypasses the core engine, providing forward push like that of the propeller on a piston engine.

The effect is to generate more thrust for less fuel. GE has taken off the metal covering (the duct) from around the fan, redesigned the fan dramatically, and moved it to the back of the engine. Test versions have two sets of eight blades each, turning in opposite directions. GE says the redesign is more fuel efficient and much less noisy than engines now in use.

Efficiency will improve, GE says, by the time the engine is in production, because the fan blades — currently made of graphite-reinforced epoxy and weighing about 20 pounds (9 kilograms) each — will be even lighter.

"The economic advantages over existing fleets are just astonishing," said Del Landis, who heads the flight test program for GE, "and I think in many cases would be enough to justify replacements."

Mr. Gordon estimates that potential sales are enormous: more than 6,000 engines delivering 25,000 pounds of thrust — a medium-sized engine of the size now found on the Boeing 737-300, which carries 130 to 150 passengers.

He said that GE might also develop UDF engines to power larger and smaller airplanes. But "We won't get all of it," he said of the potential market.

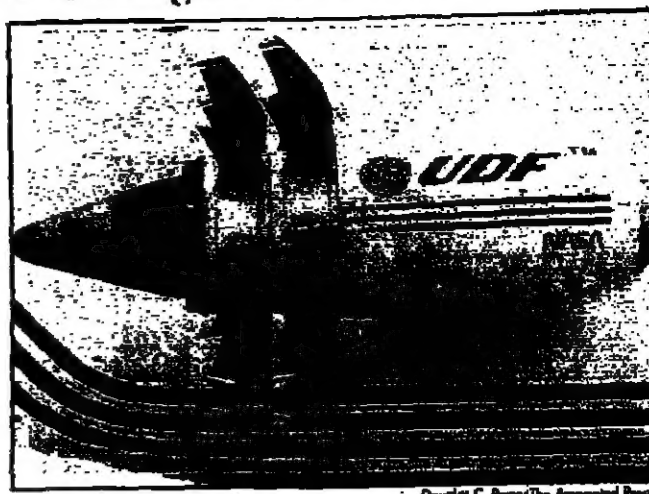
Nor would GE turn a profit until it sold a large number of the UDFs. "The pay-back, because of competitive pressures and pricing pressures, is a way out," Mr. Gordon said.

Pratt & Whitney, working with General Motors Co.'s Allison Gas Turbine Division, is working on a similar engine.

"We refer to ours as a propfan engine," said Allen S. Novick, chief project engineer for advanced large engines at Allison. The Allison engine has a gear system that connects the turbine to the propellers.

GE is "definitely farther ahead than the competition on the engine," said one industry analyst. "They got started sooner. The key is going to be what Boeing does with the 777."

Flight International magazine noted that "SuperFan, assuming that it arrives, will have the distinct advantage of looking and behaving like a turbofan" — the most common engine today — "which the airlines might like." But it also noted that the UDF or the Pratt-Allison engine appear to offer savings of as much as 40 percent over today's turbofans, compared with a more modest 25 percent fuel saving for the SuperFan.



GE's engine has counter-rotating fans of eight blades each.

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Dollar Slips in Lackluster Trading

THE EUROMARK

Not Out of Control

TS

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E: SWISS BONDS	\$11.38
F: DEUTSCHMARK BONDS	DM10.55
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H: ECU BONDS	ECU10.83
I: STERLING EQUITY	\$11.17
M: U.S. EQUITIES	\$12.79
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C: DOLLAR BONDS	\$1
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E: STERLING BONDS	\$1
F: DEUTSCH-MARK BONDS	DM1
G: YEN BONDS	YEN111
H: ECU BONDS	ECU11
I: STERLING EQUITY	\$1
M: U.S. EQUITIES	\$1
N: JAPANESE EQUITIES	YEN104
O: GLOBAL EQUITIES	\$1
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Increase of Capital

from Lire 630.000.000.000 to Lire 1.050.000.000.000

Pursuant to a Resolution of the Extraordinary General Meeting of Shareholders held in Milan on November 27th 1986, duly approved and registered as prescribed by law, the following operations will be implemented as from the 16th February 1987:

- a) splitting of the current shares of nominal value Lire 5,000 into 5 new shares of Lire 1,000. The company capital of Lire 650 billion will therefore be made up of 630,000,000 shares of nominal value Lire 1,000 each;
- b) free increase from Lire 630 billion to Lire 700 billion, to be implemented by the use of Lire 70 billion drawn from the Monetary Revolver Reserve (as per Law 72 of 19/5/83) and by the bonus issue of 70,000,000 new shares, each of nominal value Lire 1,000, ranking for dividend from January 1st 1987, to be allocated free to existing Shareholders in the proportion of 7 new shares for every 9 old shares held;
- c) increase by subscription from Lire 700 billion to Lire 1,050 billion by the issue of:
 - 140,000,000 ordinary shares, each of nominal value Lire 1,000, ranking for dividend from January 1st 1987, to be offered to Shareholders in the proportion of 2 new shares for every 9 existing shares (before the bonus issue), at the price of Lire 2,500 each (of which Lire 1,500 represents a premium);
 - 210,000,000 savings shares, each of nominal value Lire 1,000, ranking for dividend from January 1st 1987, to be offered to Shareholders in the proportion of 3 new shares for every 9 existing shares (before the bonus issue), at the price of

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- The share splitting will be implemented:
 - by the stamping of share certificates representing the shares of nominal value Lire 5,000 in current circulation with coupons from no. 24 and following attached;
 - during the period of allotment of the bonus issue hereunder specified at the Authorised Agents listed below, and after the 17th March 1987 only at branches of Banca Commerciale Italiana.
- The right to the bonus issue may be exercised from the 16th February 1987 to the 17th March 1987 at the Authorised Agents listed below and thereafter only at branches of Banca Commerciale Italiana, by detaching coupon no. 24. The right to the bonus issue is not transferable.
- The right to underwrite shares (rights issue) must be exercised, or otherwise forfeited, from the 16th February 1987 to the 17th March 1987 at the Authorised Agents listed below by detaching:
 - coupon no. 25, representing the right to subscribe ordinary shares, and presentation thereof accompanied by payment of Lire 2,500 for each new ordinary share subscribed;
 - coupon no. 26, representing the right to subscribe savings shares, and presentation thereof accompanied by payment of Lire 2,500 for each savings share subscribed.

Shareholders who have not applied for subscription of new shares by the 17th March 1987 will forfeit any right thereto. Rights to shares not exercised by the 17th March 1987 will be offered on the Milan Stock Exchange, in five consecutive sessions, in the month of April 1987. In accordance with Section 2441, third paragraph, Italian Civil Code.

Authorised Agents:
Banco Commerciale Italiano, Credito Italiano, Banco di Roma - Banco di Santo Spirito, Banco Nazionale del Lavoro, Banco

Banca Commerciale Italiana - Credito Italiano - Banco di Roma - Banco di Santo Spirito - Banca Nazionale del Lavoro - Banco di Sicilia - Istituto Bancario San Paolo di Torino - Monte dei Paschi di Siena - Banco di Sardegna - Banco di Napoli - Monte Titoli

for The Board of Directors
 The Chairman

DM = Deutsche Mark; BF = Belgium Francs; C\$ = Canadian Dollars; FF = French Francs; FL = Dutch Florin; LF = Luxembourg Francs; ECU = European Currency Unit; s-penn = Swiss Francs; ¥ = Yen; c = cent; + = Offer Prices; b-bid channel; N/A = Not Available; N.C. = Not Communicated; o = New; s = suspended; S/S = Stock Split; ** = Ex-Dividend; ** = Ex-Ret.
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